UNITED STATES POLICIES AND PROGRAMS IN BRAZIL

HEARINGS

BEFORE THE

SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

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NOTE.—Sections of this hearing have been deleted at the request of the Department of State and the Department of Defense. Deleted material is indicated by the notation "[Deleted]."

CONTENTS

Statements by— Page

Beatty, Maj. Gen. George S., Chairman, U.S. Delegation, Joint Brazil-U.S. Military Commission 51
Brown, Theodore D., Chief Public Safety Adviser, USAID, Brazil 3
Ellis, William A., Director, USAID, Brazil 159
Helms, Richard, Director Central Intelligence Agency 157
Rountree, William M., U.S. Ambassador to Brazil 255

Insertions for the record:

New York Times article on torture dated December 4, 1970 20
Table showing number of different police forces 23
Excerpt from AID guidelines for furnishing audio surveillance equipment (Manual Order 1544) 27
List of Special Electronic Equipment 28
Description of U.S. stenciled riot equipment 35, 240
Police training offered to Brazil by countries other than the United States 41
Summary report of the Chandler murder 42
Operation Bandeirantes 43
Text of Institutional Act No. 5 46
Percentage of Brazil mapped 92
Offices on Seventh floor in Navy Ministry 93
Communications support of the Naval Communications System 95
Soviet communications systems in South Atlantic 97
Salaries of instructors involved in training 100
Programs of orientation visits at National War College 101
Table on MAP deliveries to Brazil 139
Riot equipment provided by DOD to Brazil 152
Present duty of former presidents, JBUSMC 154
Security clearances for Latin American officers 156
Table on comparison of U.S. bilateral assistance to Brazil prior to and following fiscal year 1964 162
Table on comparison of per capital AID assistance in Latin American countries, 1964–69 167
Table on Brazilian income tax performance in real terms 173
Table on income tax returns filed 1965–70 174
Full statement of William A. Ellis, Director, USAID, Brazil 181
Table on Federal tax receipts 253
List of business enterprises owned by Brazilian Government 241
Foreign and U.S. firms listed on Brazil's stock exchange 245
Foreign firms' participation in export promotion policies of GOB 246
Index of average real earnings in Manufacturing: 1960–69 249
Wage adjustments under official formula 249
Table on AIFLD activity and funding in Brazil 251
Cumulative and estimate of local currency uses 252
Response on U.S. national interest in Brazil to the January inquiry from chairman of Subcommittee on Western Hemisphere Affairs 256
Countrywide American and local personnel in Brazil 259
Written record of negotiations on Tranet Station 2008 267
Table on U.S. Government personnel in Brazil 276
Summary background data on the Tranet Station 288
Extent of substitution of U.S. personnel by Brazilians at Tranet Station 2008 289
Tranet navigational system and its availability to all nations 289
Partial transcripts of State Department press briefings by Mr. Carl Bartch, April 21 and July 23, 1970 292

Insertions for the record—Continued | Page
Texts of aides memoire concerning detention of Professors Roett, Baer, and Palaez and arrest of David Lohr Wing 303
Details surrounding arrest of Peace Corps volunteer in December 1968 304
Details concerning the expulsion of American citizen priests Darrel Rupiper and Peter Grams from Brazil in December 1968 304
Article from the Washington Post of March 7, 1971, on torture 305
Descriptions of SNI, CODI and Operation Bird Cage 308
Resolution on oppression adopted by Latin American Studies Association 309
State Department's comments on Latin American Studies Association's resolution 309
Exchange of letters between Senator Church and Assistant Secretary of Defense G. Warren Nutter 311

U.S. POLICIES AND PROGRAMS IN BRAZIL

TUESDAY, MAY 4, 1971

UNITED STATES SENATE,
SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS
OF THE COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room S-116, the Capitol Building, Senator Frank Church (chairman of the subcommittee) presiding.

Present: Senators Church, Sparkman, Pell, Spong, and Aiken.

Also present: Mr. Marcy, Mr. Holt, and Mr. Dockery of the committee staff.

William Ellis, Director, AID Mission, Brazil; Robert W. Dean, Director of the Office of Brazilian Affairs for Brazil, Department of State; Peter Knaur, Special Assistant for Congressional Relations, OSD, ISA; Michael A. Samuels, Bureau of Congressional Relations, Department of State; Lieutenant Colonel Rohr, OSD, ISA, Inter-American Affairs; and Jean P. Lewis, Congressional Liaison Officer for Latin America, AID.

OPENING STATEMENT

Senator CHURCH. Gentlemen, let's begin the hearing. The Subcommittee on Western Hemisphere Affairs of the Foreign Relations Committee today begins a series of hearings on U.S. policies and programs in Brazil.

I wish to emphasize U.S. policies and programs. How Brazilians organize their own affairs and how they treat each other are no proper concerns of the U.S. Senate. How the various agencies of the U.S. Government conduct themselves in Brazil and how they react to events there, however, are proper concerns of all Americans. These are the questions on which these hearings will focus.

I also wish to express my personal appreciation and that of the subcommittee for the cooperation which we have received from the executive branch in preparing for these hearings. A mass of factual data has been presented to us in advance, and we are also grateful for the attendance of a number of American officials from Brazil. We know that they are here at no little personal inconvenience.

In order to facilitate as much as possible a full and free flow of information and views, we are holding these hearings in executive session. The record will be edited for the deletion of classified information and will then be published. Our purpose is not only to inform ourselves but also the Senate and the American people. It is the people who pay the bill for what we are doing in Brazil, and they are entitled to know as much about it as the national security permits.

All witnesses will be asked to testify under oath. This is for their own protection, and again is part of our effort to facilitate the flow of information.

IDENTIFICATION OF WITNESSES

Our first witness will be Mr. Theodore D. Brown, chief of the AID public safety program in Brazil. He will be followed by Maj. Gen. George S. Beatty, chief of the U.S. military mission and by Col. Arthur S. Moura, the Defense attaché.

Tomorrow morning, we will hear Mr. Richard Helms, Director of the Central Intelligence Agency, and he will be followed by Mr. William Ellis, Director of the AID mission in Brazil. We will meet both morning and afternoon today and tomorrow if necessary.

On Tuesday afternoon next week, May 11, we will conclude this series of hearings with Ambassador William Rountree.

By hearing the witnesses in this order, we hope to establish a factual basis which will make the testimony of Ambassador Rountree more productive with respect to broader policy issues which may arise.

Finally, I wish particularly to thank the witnesses who are here from Brazil for the cooperation which they extended to two staff members of the Foreign Relations Committee, Mr. Pat M. Holt and Mr. Robert H. Dockery, who visited Brazil in March as a part of the subcommittee's preparation for these hearings. In order to establish the factual basis for later discussion of policy issues, I am going to ask Mr. Holt and Mr. Dockery to participate in the questioning. Members of the subcommittee should, of course, feel free to interrupt at any time. We have also invited all members of the full committee, and their participation at any time will also be most welcome.

Now, Mr. Brown, will you please rise to be sworn.

Do you solemnly swear that the testimony you will give this subcommittee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. BROWN. I do.

Senator CHURCH. Please be seated.

Now, before Mr. Brown commences his testimony, I wonder if the others who are present would identify themselves for the record.

Mr. ELLIS. I am William Ellis, the Director of the AID mission.

Mr. DEAN. Robert W. Dean, Director of the Office of Brazilian Affairs, Department of State.

Mr. KNAUR. Peter Knaur, special assistant for congressional relations OSD, ISA.

General BEATTY. Major General Beatty, the Chairman of the U.S. delegation to the joint Brazil-U.S. military mission.

Mr. SAMUELS. Michael Samuels, Bureau of Congressional Relations, State Department.

Colonel ROHR. Lieutenant Colonel Rohr, OSD, ISA, Inter-American Affairs

Miss LEWIS. Jean Lewis, Congressional Liaison Office for Latin America, AID.

Senator CHURCH. Thank you very much. Mr. Brown, I wonder if you would proceed with your statement. Do you have a statement prepared?

Mr. BROWN. Yes, sir.

Senator CHURCH. If you would proceed with that questions will follow.

TESTIMONY OF THEODORE D. BROWN, CHIEF PUBLIC SAFETY ADVISER, USAID, BRAZIL

Mr. BROWN. Mr. Chairman and Senator, I have a statement.

I was requested to answer four questions. Describe the historical development of the AID public safety program in Brazil.

Give brief biographical data for each of the public safety advisers now assigned to Brazil.

Describe briefly the work of the National Police Academy, the National Criminalistics Laboratory, the National Institute of Identification, National Telecommunications Center, and the Graphics Institute, and what is the relationship of the AID public safety program to each of these.

The fourth question, how are Brazilian participants selected for training in the United States and Panama.

My statement in general follows pages 58 through 71 of the response to the inquiry from the chairman of the Subcommittee on Western Hemisphere Affairs of the Senate Foreign Relations Committee, prepared by the U.S. Department of State, Office of Brazilian Affairs. It is a report dated January 1971.

HISTORICAL DEVELOPMENT OF PUBLIC SAFETY PROGRAM

Question one, describe the historical development of the AID public safety program in Brazil.

Answer: There are three kinds of police forces in Brazil. Each of the 22 States has a plain clothes civil police force and a uniformed force called the policia militar, or military police. The military police is not a military force, but a civilian force similar to the State police in some States in the United States. The third force is the 5-year-old federal police force. The total number of police in the country is about 271,000.

The U.S. public safety program was begun in Brazil late in 1959 at the request of the Brazilian Government. Initially, formal agreements signed by the Brazilian and U.S. representatives defined the goals of the assistance provided to be (*a*) the establishment of a federal police organization at the time that the capital of the country was moved to Brasilia from Rio de Janeiro and (*b*) to deal with the interim problems of police development in key states in the country.

Specifically, assistance was provided in order to help Brazil modernize police operations, expand and improve police training and central information service (records), and provide for coordination between the to-be-established Federal police and individual State police forces.

Within the first 2 years of the project's life, additional States requested and received assistance of this kind. Beginning in 1965, agreement was reached for the provision of assistance to still more States. Emphasis in assistance to the States was in the functional areas of training, communications, criminalistics, records and identification, transportation, administration and management, humane methods of riot control, urban patrol, reporting procedures, industrial security and public relations.

During the period 1960–69, public safety assistance efforts for the respective States were tailored to the particular requirements of the States' police forces. For example, for the State of Pernambuco, early

project activities were in the fields of identification and records, criminalistics, police training, police patrol, traffic control, police communications, public relations and emergency operations (improving the capability of the police to be responsive to the need for public aid in disasters and catastrophes).

By March of 1967, assistance was being provided to 15 States, the Federal District of Brasilia and the new Federal police agency. In September of 1968, a new agreement was signed which provided for the main thrust of U.S. assistance to be with the Federal police rather than with both the Federal police and State police forces. Its purpose was to develop the capacity of the Federal police to assume an increasing share of the provision of training and technical services for the State-level police forces, as well as for its own police officers, through the establishment and utilization of central Federal facilities, including the National Police Academy, the Technical Telecommunications Center, and the National Institutes of Criminalistics and Identification. It provided for the development of mobile police training teams to supplement the training resources of the National Police Academy. The character of assistance indicated by this agreement called for concentrating most of the public safety advisors in Brasilia. This was accomplished at the beginning of fiscal year 1970, with area advisers being stationed in five locations throughout the country.

The most recent agreement (April 1971) finalized by the United States and Brazilian officials continued the main thrust of assistance aforementioned for the Federal police. It specified objectives as helping to increase the Federal police agencies' capacity to provide training and technical service and to continue promoting the application of police responsibilities in the spirit of service to the people through modern, humane, minimum force law enforcement.

Since the end of fiscal year 1969, the cooperative program has been focusing its efforts on working with the Federal Police of Brasilia. The concept of assistance presently provided is for the development of capabilities to provide assistance to the respective States in their development of appropriate civil police institutions. This has resulted in concentration of U.S. assistance to specific institutional Federal police elements, the National Institute for Identification, the National Institute for Criminalistics, the National Police Academy, and the National Telecommunications Training Center. It has also resulted in a reduction in the number of public safety advisers stationed in Brazil.

ACCOMPLISHMENTS OF THE PROGRAM

Accomplishments of the program have been considerable. Improvement was achieved in various elements of the police institution, such as the establishment of statewide, municipal and tactical police networks and the improvement of administration and management of police resources.

Most importantly, a significant accomplishment of the U.S.-assisted Brazilian effort was the establishment of the Federal police organi-

zation in 1965. This followed the provision of extensive technical aid to the Federal District Police in Brasilia. The success of this Brazilian agency led to the eventual formation of the Federal police agency. The Federal police have since established the National Institute of Identification, the National Institute for Criminalistics, the Technical Telecommunications Training Center and the National Police Academy. Each of these has been helped to provide services to the police forces of the respective States.

Since the inception of the public safety project, 641 Brazilian police officers have been programed for training in the United States. Most of this training has been conducted at the International Police Academy operated by AID in Washington with some of the earlier training being provided by the former AID-operated training school for Latin American police officers in Panama. Tables I and II (page 6) provide details concerning police officers who have been trained. It is significant that more than 95 percent of those trained remain with the police. Approximately one out of three has been promoted to a position of higher responsibility. The great majority of the trained officers actively support in-country training programs and the operation of improvement efforts for the Brazilian police as a whole. Table III (page 7) provides details concerning police officers who have been trained from the various States in Brazil.

FUNDING AND STAFFING

Dollar funding provided has been in the form of grants. These were for (1) the salaries and allowances of the public safety advisers assigned to the program, (2) costs for training of Brazilian police officers in the United States, and (3) for commodities provided to achieve specific project objectives, Table IV (page 7) provides a table giving the actual dollar funding obligated from fiscal year 1959 through fiscal year 1970 for the public safety program.

Commodities provided by the program were those selected specifically to achieve respective activity targets within cooperating States and the Federal police. Table V (page 8) gives a list of these commodity categories and the purposes for which they were procured.

The public safety staffing for the program is shown in Table VI (page 11). The number of U.S. direct hires and local employees is given and the State or city in which employed.

It should be noted all the tables I have referred to above are a part of the response to the inquiry from the chairman of the Subcommittee on Western Hemisphere Affairs of the Senate Foreign Relations Committee, prepared by the U.S. Department of State, Office of Brazilian Affairs dated January 1971.

Senator CHURCH. Without objection the tables and the statistical data to which you referred will be made part of the record at this point.

TABLE I.—PUBLIC SAFETY PROGRAM PARTICIPANT TRAINEES, BRAZIL

	Fiscal year—								
	1963	1964	1965	1966	1967	1968	1969	1970	Totals
1. International American Police Academy (Panama) (general course)	46								46
2. General course		4	42	54	74	52	73	69	368
3. Senior course		1				1	1	10	13
4. Police executives	1	1	10	10		13	16	17	58
5. Communications			1	1	1	1			4
6. Riot control (IAPA)	7	8							15
7. Motor transport									0
8. Criminalistics				1			2		3
9. Traffic							1		1
10. FBI National Academy				1				1	2
11. Miscellaneous		6	1					1	8
Total	54	20	54	67	75	67	83	98	518

TABLE II.—PUBLIC SAFETY PROGRAM GENERAL COURSE SPECIALIZATION PHASE[1]

	Fiscal year								
	1963	1964	1965	1966	1967	1968	1969	1970	Total
IAPA (General Course No. 3, 4, 5):									
1. Firearms	4	7							11
2. Investigations	2	8							10
3. Counterintelligence	5	2							7
4. Handling explosives	3	2							5
5. Instructor methods		2							2
(Declined special training)		1							1
Total	14	22							36
IPA:									
1. Crim/security invest			22	13	20	12	17	28	112
2. Instructor methods		4	9	20	40	15	14	4	106
3. Patrol operations			2	12	9	13	16	16	68
4. Riot control				7	2	6	4	3	22
5. Traffic					1	3	15	3	22
6. Border/Customs control			8	2	2	1		4	17
7. Narcotics							7	5	12
8. Records/identification						2		3	5
9. Firearms								3	3
10. Crime Lab Admin			1						1
Total		4	42	54	74	52	73	69	368

[1] Note—Each member of the general course is given 4 weeks of additional training in a special functional area consistent with the needs of the respective country and the attainment of project goals. Specialization was offered only to IAPA general course Nos. 3, 4, and 5 but was not offered to general course Nos. 1 and 2 (10 participants).

TABLE III.—PUBLIC SAFETY PARTICIPANT PROGRAM, BY STATE AND BY FUNDING YEAR

States	Fiscal year— 1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Acre														
Alagoas										6	4			
Amazonas											4			
Bahia						2	5	5	7	3	7	3	2	
Ceara									5	5	5	1	2	
Espirito Santo											5		2	
Federal District				4	9		2	3	3	3	5	4	4	
Federal police			2	3	1		5	5	2	1	10	17	13	
Goias					1	5	3	8	6	3	6	3	3	
Guanabara	4	4	1	1	7		6	8	6	4	3		1	
Maranhao											5	2		
Mato Grosso											1	1		
Minas Garais		1	1	6	24	1	9	4	5	1	6	1	3	
Para											6	2	2	
Paraiba										5	8		2	
Parana				3	5	9	1	4	6	2	8	2	1	
Pernambuco		1	4	4	1		1	8	6	3	10	1	1	
Piaui										6	6	1	2	
Rio de Janeiro							8	7	4	3	8	4		
Rio Grande do Norte											6	1	2	
Rio Grande do Sul		1				2	13	6	3	3	8	1	2	
Santa Catarina					2	2	5	4	8	3	9	1		
São Paulo		1	4	5	12	6	6	5	9	1	10		2	
Sergipe										7	6		2	
Total	4	8	12	26	62	27	64	67	75	59	146	45	46	
Grand total														641

TABLE IV.—BRAZIL PUBLIC SAFETY FUNDING, 1962 THROUGH JUNE 30, 1970

[Dollar amounts in thousands]

	Total	Technicians	Participants	Commodities	Other costs
Through fiscal year—					
1962 [1]	$1,287	504	76	660	47
1963	648	334	41	163	110
1964	1,159	410	59	618	72
1965	1,076	469	70	501	36
1966	972	443	115	376	38
1967	639	374	124	129	12
1968	567	367	94	103	3
1969	482	248	132	101	1
1970	727	308	198	219	2
Total, expenditures	7,557	3,457	909	2,870	321

[1] Yearly figures not available.

Table V.—Brazil Commodity Summary

	Total units
Motor vehicles and equipment (To increase mobility, patrol effectiveness and police coverage by the State and Federal law enforcement agencies):	
Passenger cars	36
Fiscal year 1963 or before	26
Fiscal year 1964	10
Jeep vehicles	52
Fiscal year 1963 or before	35
Fiscal year 1964	17
Trucks/trailers, fiscal year 1967	2
Machine shop equipment: e.g., Lathe, drill press, grinder, spot welder Fiscal year 1967, fiscal year 1969 purchases	
Telecommunications equipment (To establish nationwide and limited intrastate telecommunications systems, to develop portable radio communication capability for times of civil disturbances, to increase radio patrol effectiveness):	
VHF-FM mobile	99
Fiscal year 1963 or before	42
Fiscal year 1964	24
Fiscal year 1965	7
Fiscal year 1966	6
Fiscal year 1967	20
VHF-FM base	92
Fiscal year 1964	22
Fiscal year 1965	23
Fiscal year 1966	12
Fiscal year 1967	14
Fiscal year 1968	21
VHF-FM portable	269
Fiscal year 1964	50
Fiscal year 1965	31
Fiscal year 1967	94
Fiscal year 1968	32
Fiscal year 1969	62
SSB mobile	104
Fiscal year 1963 or before	51
Fiscal year 1964	6
Fiscal year 1965	31
Fiscal year 1966	14
Fiscal year 1967	2
SSB base	45
Fiscal year 1963 or before	29
Fiscal year 1964	3
Fiscal year 1966	13
SSB portable, fiscal year 1967	5
HF-VHF receivers	21
Fiscal year 1965	14
Fiscal year 1969	7
HF-SSB transmitters, fiscal year 1969	4

Table V.—Brazil Commodity Summary—Continued

	Total units
Operation accessories:	
Generators	42
Fiscal year 1965	12
Fiscal year 1966	22
Fiscal year 1968	8
Console, fiscal year 1966	3
Remote control unit, fiscal year 1966	5
Transformers, fiscal year 1968	10
Antenna multicouplers, fiscal year 1969	7
Radio terminals, fiscal year 1969	1
Others:	
Testing, installation equip.: e.g. VOM meters, transistor testers, antenna towers, wiring—Purchases, fiscal year 1963, fiscal year 1968, fiscal year 1969	
Megaphones, fiscal year 1969	12
Public address systems, fiscal year 1968	5
Criminalistics laboratory (To establish new police laboratories, to assist already existing facilities, to assist in equipping technical field units in order that they may provide effective scientific aid to the investigators):	
	Total amount
Laboratory commodities, fiscal year 1961	$34,000
Instruments	14,000
Apparatuses	11,000
Supplies	6,500
Reference materials	3,000
Laboratory commodities, fiscal year 1964	34,000
Instruments	21,000
Apparatuses	5,600
Supplies	6,800
Reference materials	600
Miscellaneous lab commodities: e.g., replacement supplies, examination kits, student microscopes, measuring devices—Purchases, fiscal year 1959, fiscal year 1960, fiscal year 1963, fiscal year 1966, through fiscal year 1969	
Records and identification (To assist in the development of more efficient maintenance of records, to provide capabilities for quick retrieval of information and to develop identification capabilities):	
Photographic laboratory outfit: e.g., enlargers, print dryers, film and negative developing supplies—Purchases, fiscal year 1967, fiscal year 1968, fiscal year 1969	
IBM and records system	137,000
Microfilm outfit, fiscal year 1959	23,000
Kardveyers (12), fiscal year 1961	64,000
IBM system, fiscal year 1962	26,000
IBM system, fiscal year 1963	24,000
Munition (To provide ammunition for firearm training, to provide police with economical capability of replenishing ammunition on a continuing basis):	
Reloading outfit (total units)	9
Fiscal year 1963 or before	1
Fiscal year 1964	8
Rounds of ammunition (.38 cal. handgun) fiscal year 1964	800,000

Table V.—Brazil Commodity Summary—Continued

	Total amount
Riot equipment (To provide Brazilian police with means for protection and nonlethal suppression of riots):	
Batons, fiscal year 1963 or before	$540
Body shields and vests (total units)	95
Fiscal year 1964	50
Fiscal year 1969	45
Gas masks, fiscal year 1964	122
Grenades, CN (total units)	15,236
Fiscal year 1963 or before	11,336
Fiscal year 1964	3,900
Grenades, CS (total units)	5,100
Fiscal year 1963 or before	1,200
Fiscal year 1964	3,900
Grenades, smoke, fiscal year 1963 or before	110
Crime investigation (To develop more effective investigative capabilities and to promote better collection and preservation of physical evidence):	
Investigation field kits, fiscal year 1968	7
Fingerprint kits, fiscal year 1968	20
Training and police aids (To assist in development of training capabilities and to promote more effective individual officer action):	
Handcuffs (total units)	565
Fiscal year 1964	550
Fiscal year 1969	15
Visual-training aids: e.g., projectors, traffic and driving testing apparatus, training films, magnetic display boards—Purchases fiscal year 1959 through fiscal year 1964, fiscal year 1967 through fiscal year 1969	
Office equipment: e.g., duplicating machines, copying machines, cabinets, shelves, desks, chairs, typewriters—Purchases fiscal year 1959 through fiscal year 1964	

TABLE VI.—BRAZIL PUBLIC SAFETY STAFFING

Year	Number of U.S. employees	Where located	Number of local employees	Where located
1959	2	Rio	3	Rio.
1960	5	do	6	Do.
	1	Rio Grandedo Sul		
	1	Minas Gerais		
	1	Pernambuco		
	1	Sao Paulo		
1961	10	Rio	9	Rio.
	1	Brasilia	1	Brasilia
	1	Minas Gerais		
	1	Pernambuco		
	1	Sao Paulo		
1962	12	Rio	9	Rio.
	2	Minas Gerais	2	Brasilia.
	3	Brasilia		
	2	Pernambuco		
	1	Parana		
	2	Sao Paulo		
1963	10	Rio	9	Rio.
	6	Brasilia	2	Brasilia.
	1	Minas Gerais	1	Bahia.
	1	Parana	2	São Paulo.
	1	Pernambuco		
	1	Rio Grandedo Sul		
	4	São Paulo		

TABLE VI.—BRAZIL PUBLIC SAFETY STAFFING—Continued

Year	Number of U.S. employees	Where located	Number of local employees	Where located
1964	7	Rio	14	Rio.
	5	Brasilia	2	Brasilia.
	1	Bahia	1	Bahia.
	2	Parana	1	São Paulo.
	4	São Paulo		
	1	Sta. Catarina		
	2	Minas Gerais		
	1	Pernambuco		
	1	Rio Grandedo Sul		
1965	7	Rio	13	Rio
	1	Bahia	2	Brasilia.
	1	Minas Gerais	1	Bahia.
	1	Parana	1	São Paulo.
	1	Pernambuco		
	1	Rio Grandedo Sul		
	5	São Paulo		
	1	Sta Catarina		
	3	Brasilia		
1966	9	Rio	11	Rio.
	1	Bahia	2	Brasilia.
	1	Minas Gerais	1	Bahia.
	4	Brasilia		
	1	Alagoas		
	1	Ceara		
	1	Parana		
	1	Pernambuco		
	1	Rio Grandedo Sul		
	2	São Paulo		
	2	Sta Catarina		
1967	8	Rio	11	Rio.
	1	Bahia	2	Brasilia.
	1	Alagoas	1	Bahia.
	1	Ceara		
	2	Brasilia		
	1	Parana		
	1	Pernambuco		
	1	Rio Grandedo Sul		
	1	Sta Catarina		
	2	São Paulo		
1968	5	Rio	11	Rio
	6	Brasilia	3	Brasilia.
	1	Alagoas	1	Bahia.
	1	Bahia		
	1	Ceara		
	1	Pernambuco		
	1	Rio Grandedo Sul		
	1	Sta Catarina		
	2	São Paulo		
1969	3	Rio	7	Rio.
	8	Brasilia	5	Brasilia.
	2	Minas Gerais		
	1	Para		
	1	Pernambuco		
	1	Rio Grandedo Sul		
	2	São Paulo		
1970	9	Brasilia	2	Rio.
	1	Para	8	Brasilia.
	1	Pernambuco		
	2	Rio		
	1	São Paulo		

Note: All advisers will be located in Brasilia after calendar year 1970 and total number will be reduced to 4 by fiscal year 1972.

Mr. BROWN. I will not read from the accompanying table here then.

BIOGRAPHICAL DATA OF ADVISERS

The second question—well, this is the part that we felt you might not wish to go through entirely, Mr. Chairman, unless you would desire. I would still like to have it be a part of the record, sir?

Senator CHURCH. Yes; we will include the biographical data as

though you had read it. That will take us over to page 9 of your statement.

(Biographical material follows:)

ROBERT L. BARNES.—Born in Los Angeles, Calif. Attended schools in California and Colorado. Received L.L.B. degree in America Law and Procedure from La Salle Extension University, Chicago.

Entered U.S. Army and served 4 years. Received basic military training, specialized ordinance training and basic airborne training. Served 3 years with military occupation forces in Japan; 2 years as assistant to legal affairs officer dealing with administration of justice and Japanese police administration.

Entered U.S. Border Patrol at Del Rio, Texas on March 4, 1957. Served as Border Patrol Inspector performing routine patrol duties and in-service training officer. Graduated from Border Patrol Academy in August of 1957. Transferred and promoted to Immigrant Inspector at San Francisco, California and later transferred in same position to San Pedro California administering foreign labor programs for Special Projects Division of Southwest Regional Office of the U.S. Immigration and Naturalization Service. Transferred to position of Senior Border Patrol Inspector on October 1, 1961 in charge of Border Patrol Station at Nogales, Arizona.

Entered on duty with AID/W on October 10, 1964. Served as class-counselor and program officer at IPA–AID/W. Assigned as Area Public Safety Advisor—Bahia, Brazil on August 21, 1965.

8/23/65 to 12/1/68 Area Public Safety Advisor to the states of Alagoas, Bahia, Espirito Santo, Rio de Janeiro, Acre, Amazonas, Minas Gerais, Para, and Sergipe, and the territory of Acre.

12/2/69 to 3/31/71 Senior Training Advisor at National Police Academy.

4/1/71 to present. Chief Public Safety Advisor, USAID/Brazil.

Duties: As Chief Public Safety Advisor, develops the Mission's Public Safety program proposal and procedures and advises the Mission Director and Country Team on all aspects of the GOB law enforcement activities. He is charged with the formulation of the Mission's Public Safety program, with program implementation and direct supervision of the advisors assigned to the program.

NORMAN M. ROSNER.—Attended primary and high schools in Baltimore, Md.; Pittsburg, Pa.; Chicago, Ill.; Mt. Vernon, New York. Attended U. of Alabama and Yale U. Entered military service as Aviation Cadet in 1941. Retired as Lt. Col. in 1963.

Following retirement from USAF on 1 Jan. 63 joined A.I.D. Office of Public Safety, 6 Jan. 63. Initially assigned as Public Safety Program Officer, USAID, Vietnam, Feb. 63–Feb. 64. Reassigned as Public Safety Advisor, Organization and Administration, Feb. 64. Further reassigned as Public Safety Deputy Chief for Administration, October 64–April 65.

Served as Class Counsellor for I.P.A. Senior Course No. 3 June–September 65.

Assigned as Public Safety Program Officer, USAID, Thailand, Sept. 65. Served as Acting Public Safety Deputy Chief for support, April 67–March 68. Reassigned as Deputy Chief for support, March–Sept. 68.

Assigned as Public Safety Program Officer, USAID, Brazil, Nov. 68.

Duties: As Public Safety program analyst, assists the Chief Public Safety Advisor with the preparation of program documents according to the prescribed format. He, also, analyzes program proposals for conformance with the USAID and AID/W program planning guidelines.

FRED L. ZUMWALT.—Born in Virden, New Mexico. Received formal education in Arizona Schools Advanced training Phoenix College, Arizona State University and Northwestern University. ASU. Delinquency Control Institute 1960, N.U. Traffic Institute 1961–2 B.S.A.S.U. 1966.

Entered Law Enforcement 1955. Served 12 years Phoenix, Arizona Police Department as Patrolman, Detective, Sergeant, Lieutenant, Director of Planning and Training Section, Taught Police Science and Police Administration at Phoenix College 63–67.

In June 1967 entered the U.S. Foreign Service (AID/W/OPS/LA) as program Operations Officer and taught at the International Police Academy.

April 1968 Assigned to Public Safety Project Brazil as an Area Public Safety Advisor. Served in Brasilia, Federal District and Recife, Pernambuco. Currently Public Safety Training Advisor, Brasilia, Brazil.

Duties: As Public Safety training advisor, advises on curricula development and improvement which cover such subjects as patrol operations, communication

utilization, manpower utilization, general courses, supervisory training, organization and management, traffic and traffic enforcement programs, instructor training and developing course outlines for the National Police Academy. He also assists in the selection and documentation of participants for training in the U.S

ALBERT L. BRYANT (AL).—Born in Bloomington, Indiana and received formal education in Indiana Schools. Attended Indiana University, School of Police Administration. Still require 26 academic hours for AB degree. Attended FBI National Academy, Washington, D.C.

Entered Law Enforcement in Military Police in 1953. Entered Civil Law Enforcement in January, 1955 with the Bloomington, Indiana Police Department. Remained there until January 1966, promoted through ranks to Executive Officer of Department and left to accept position with Public Safety.

Served as Public Safety Advisor-Training-Vietnam from February 1966 to June 1968. Served as School Advisor in Danang, Asst. PSD Chief Manpower and Training Branch in Saigon and for three months served as Acting Chief of Manpower and Training Branch.

Served as class counselor for English General Course No. 20 at International Police Academy from July to October, 1968

Assigned as Public Safety Advisor, Brazil from February 1969 to present (April 1971).

Duties: As Public Safety training advisor, advises on curricula development and improvement which cover such subjects as criminal statistics, police records and report writing, operational field problems, mobile training courses conducted in the various states of Brazil, advises on designing or redesigning training programs and facilities to reflect both long and short range needs. He also assists in the selection and documentation of participants for training in the U.S.

Mr. BROWN. The third question: Describe briefly the work of the National Police Academy, the National Criminalistics Laboratory, the National Institute of Identification, the National Telecommunications Center, and the Graphics Institute. What is the relationship of the AID public safety program to each of these?

THE NATIONAL POLICE ACADEMY

Answer, having to do with the National Police Academy (ANP, after its Portuguese initials). The objectives of teaching at the National Police Academy are to increase the value of the personnel of the Federal Police Department, and of the state and territorial police from the moral, psychological and intellectual standpoint, developing their democratic conscience, their respect for human rights and dedication to their country; develop civic and moral standards, qualities of direction and leadership, a spirit of renewal; a mentality of permanent cultural development, a dedication to public security of police integration and mutual collaboration in the performance of their mission, the love of liberty and truth, and active participation in the nation's development.

I would like to point out, Mr. Chairman, that that statement was taken from the general plan of instruction, National Police Academy, school year 1971 and that is their wording.

The teaching of specific techniques aims at preparing Federal and State police officers for the performance of specialized functions, thus improving the standards, the quality, and productiveness of the police service, generating more security for families, better protection for society and allowing an ideal climate for internal security.

Courses: In collaboration with the Secretariat of Education of the Federal District evening courses for adults to complete junior and senior high school are also offered.

The National Police Academy also administers examinations for entrance into the Federal Police Department.

Courses at the National Police Academy are divided into the following categories—

1. Entrance level;
2. Promotional;
3. Promotional in grade, that is, agents A and B;
4. In-service;
5. Vocational;
6. Specialization and integration.

During the teaching year 1971, the academy plans, in addition to courses for various classes of Federal police officials, a senior officers course, two general courses, 30 mobile training courses—courses prepared at the academy are presented by ANP instructors at locations throughout Brazil—and five seminars in which police from state organizations throughout Brazil are invited to attend.

Relationship of USAID/PSO program to the National Police Academy:

U.S. advisers work directly with the director of the academy, division chiefs, course coordinators, and individual instructors to determine training needs, develop curriculum and courses, teaching aids and provide textual and other source materials for the preparation of lesson plans, pamphlets, class handouts, et cetera. Translation of source material and training aids in the English language, which could be used in a course, is done by USAID/PSO staff.

Personal contacts between public safety advisers and senior State police officials are also utilized as a means to discuss and evaluate training needs within State police organizations. U.S. advisers also participate in the establishment of prerequisites for National Police Academy courses and selection of students.

USAID/PSO has furnished and is continuing to furnish U.S. publications and current texts on police and public administration. Films, slide series, film strips and other teaching aids produced in the United States with application to Brazil are furnished by USAID/PSO.

Projectors, screens, tape recorders, and so forth, used for teaching have been furnished the academy and some field offices of the Federal Police Department where mobile training courses are conducted under academy auspices.

NATIONAL INSTITUTE OF CRIMINALISTICS

The National Criminalistics Institute provides laboratory examination of evidence, narcotics, questioned documents, counterfeit money and liquors, perfumes suspected of being smuggled or manufactured internally with false labels for Federal police cases and for State police upon request. Technicians from the institute also make on the scene examinations to collect, evaluate, and examine evidence.

Relationship of USAID/PSO program to National Criminalistics Institute:

The USAID/PSO has furnished scientific instruments, photographic equipment and texts, U.S. training of institute criminalists and advisory technical assistance to the institute. Some evidence proc-

essing and photographic equipment is presently being furnished by USAID/PSO as well as limited advisory assistance and furnishing upon request, current U.S. technical publications in the criminalistics field.

NATIONAL INSTITUTE OF IDENTIFICATION

The National Identification Institute is the national repository of personal identification records of criminals. Fingerprints and a detailed personal description of persons being prosecuted in both State and Federal courts are sent to the National Identification Institute. Fingerprints are classified and filed by classification. Name files are also maintained alphabetically. Personal characteristics taken and coded from the detailed description are punched on IBM cards with information concerning the crime. The Institute can, upon request of a police agency, provide past criminal record or make a mechanical search of their files for a suspect, type of crime, modus operandi, and personal characteristics of the suspect.

The Institute also maintains separately the civil identification (identity cards issued upon request of individual) records for the Federal District.

All alien files are now being centralized at the Institute.

USAID/PSO Relationship to the National Identification Institute:

USAID/PSO has provided automated card files, mechanical data processing equipment, fingerprint magnifiers and smaller items of equipment and intensive advisory assistance at the time the Institute was being created and organized. Some U.S. training has been provided.

Present commodity assistance is limited to furnishing of additional automated files. Limited advisory assistance is provided upon request.

TELECOMMUNICATIONS

The telecommunications service of the Federal police provides nationwide telecommunications cw, teletype and/or voice between the Federal Police Headquarters in Brasilia and their field offices throughout the country. First line maintenance of their telecommunications equipment is also provided in this service.

The Telecommunications Technical Training Center provides training to operators and technicians of not only the Federal Police Department but also State police personnel. Difficult repair problems are also handled here.

USAID/PSO Relationship with Telecommunications Service:

USAID/PSO has provided technical assistance in the planning and design of the national network and in establishment and preparation of training courses in the telecommunications field.

Limited U.S. technical training has been provided.

Equipment in the form of transmitters, receivers, portable transceivers, laboratory repair equipment and tools, demonstration and training aids have been provided by USAID/PSO.

GRAPHICS

The graphics section of the Federal Police Department designs and prints forms used by the department, bulletins, issued by the department and pamphlets, handouts, and books for the National Police Department as well as notices and circulars containing course information to State police organizations. Graphics also produces slides, charts, and other visual aids used in academy training courses.

USAID/PSO program relationship with graphics:

USAID/PSO has provided technical advisory assistance in the organization and establishment of the graphics section. Advisory assistance has also been provided in the development when additional requirements were placed on the graphics section resulting from increased training and new courses.

USAID/PSO has furnished photographic, design and reproduction equipment.

Presently, limited advisory assistance and translation of manuals for equipment delivered or being delivered is provided by USAID/PSO.

SELECTION OF BRAZILIAN PARTICIPANTS

4. Question: How are Brazilian participants selected for training in the United States and Panama? What role does AID play?

Answer: When it is determined and agreed that a need exists for training in a particular area and competence in the particular field cannot be found in Brazil or the training can best be accomplished in the United States, police officers are programed for U.S. training and upon returning to Brazil develop courses and teach at the National Police Academy.

Brazilian candidates for participant training are initially selected on the basis of joint USAID/PSO and GOB/DPF identification and determination of training needs. Depending upon the skills, knowledge and attitude to be developed, the decision is made whether the requirements can best be met through in-country training capabilities or U.S. training. Alternatively, a request may be received by USAID/PSO from a police executive for a particular training program. Such requests are evaluated and acted upon by USAID/PSO on the above evaluation criteria. Candidates nominated by the police at Federal and State level are examined by U.S. project personnel to determine if they meet prerequisites and are in positions in which the skill, knowledge and attitude to be acquired can be effectively transmitted to others. When GOB police agencies and USAID/PSO concur that the candidates and the courses will meet identified needs, the USAID nominates to OPS, or to Washington, that is, the prospective candidates for the designated courses.

Mr. Chairman, that completes my statement.

Senator CHURCH. Thank you very much, Mr. Brown.

Senator AIKEN. I would like to ask, when you included Panama, do you mean the Canal Zone?

Mr. BROWN. Yes, sir.

Senator AIKEN. Where the training is carried on?

Mr. BROWN. Yes, sir; the academy for training Latin American police officials was first started in the Canal Zone at Fort Davis and later transferred to Washington.

BRAZILIAN POLICE CAPABILITIES

Senator CHURCH. Mr. Brown, I am going to ask Mr. Holt of our staff to commence the questioning but before he does that I have a preliminary question I would like to ask. Brazil is a highly civilized country; is it not?

Mr. BROWN. Compared to other Latin American countries, I would say very much so, sir.

Senator CHURCH. Well, it draws upon a civilization that is as ancient as our own; does it not?

Mr. BROWN. Yes, sir.

Senator CHURCH. It is not a primitive land just learning western ways, is it?

Mr. BROWN. Well, there are primitive areas, sir.

Senator CHURCH. Oh, yes, but I mean the Government of Brazil that you are dealing with. Don't they know how to run a police force?

Mr. BROWN. Yes, sir. During the period of time that I have been in Brazil I have noted great improvements and certainly over the period of time that the public safety program has been in Brazil there have been great improvements. They have the capability to manage their police, but they also are anxious to improve their methods as they have been during the past 10 years.

U.S. KNOWLEDGE OF POLICE TRAINING

Senator CHURCH. Do you think that we have special knowledge in the matter of training and directing police activities that is superior to that of Brazil?

Mr. BROWN. Yes, sir.

Senator CHURCH. You do?

Mr. BROWN. Yes, sir.

Senator CHURCH. In just what ways is our knowledge of organizing and directing police activities so superior to that of Brazil that we can be their instructor in these matters?

Mr. BROWN. Well, if we are to limit this assistance just to the training area, I would say that in organization, particularly in management, we have the advantage of longer years to draw from, and I think——

Senator CHURCH. Longer years than Brazil?

LAW ENFORCEMENT AND HUMANE METHODS

Mr. BROWN. Well, in what we might call modern law enforcement; yes, sir. Traditionally the Brazilian police have been military type, and they do not have the civil police concept, and this is one of the things our program has been designed for in the past, and is presently designed to accomplish, to bring about a public service concept of law enforcement and bring about modern techniques in the handling of people, whether it be crowd control or whether it be investigations.

The minimum use of force, humane methods, these are the types of things I think that we have been helpful with.

Senator CHURCH. Do you think that the Brazilian police are today known for their restraint and humane methods in dealing with Brazilian people?

Mr. BROWN. Well, they certainly advocate this and through training at their academy, through their inservice training, through the mobile training courses. This is one of our principal thrusts.

Senator CHURCH. In light of the many reports that we hear of torture in Brazil, do you think you have been successful in inculcating humane methods in restraint?

Mr. BROWN. Yes, sir; I do, Senator.

Senator CHURCH. You do. You think our program has been successful in Brazil in achieving its objectives?

Mr. BROWN. Yes, sir.

Senator CHURCH. You really believe that?

Mr. BROWN. Yes, sir.

Senator CHURCH. I take it then, that you give no credit to these reports of excessive use of force and torture and that kind of thing that have come out of Brazil in recent years.

Mr. BROWN. During the 10-year period that we have had a public safety program in Brazil we have trained 641 participants here in the United States. Most of those men were the younger officers who were coming up through the ranks. Those officers——

Senator CHURCH. I wonder if you would answer my question concerning whether or not you give any credence to the reports that Brazilian police have engaged in cruel methods, including the torture of prisoners.

Mr. BROWN. I have read newspaper items on the subject. I have read reports. I do not have any personal knowledge, Mr. Chairman, of any such torture methods.

Senator CHURCH. Do you believe it? Do you believe this has happened or do you believe it has not?

Mr. BROWN. I do not think that it is my right, sir, to judge the Brazilian people or the police. All I can say is——

Senator CHURCH. But you have said, Mr. Brown, just a moment ago, that you thought our program had been successful in inculcating restraint and humane treatment methods within the police forces of Brazil. It seems to me you cannot say that the program has been successful and then when I ask you whether you give credence or not to the widespread reports of violence and abusive treatment of prisoners, say you have no knowledge or are unwilling to make a judgment. It does not seem to me you can have it both ways.

Mr. BROWN. Well, within any organization there is always the possibility that there might be isolated cases of unnecessary use of force, Mr. Chairman. That is possible in Brazil or any other country.

ALLEGATIONS OF TORTURE

Senator CHURCH. Well, Mr. Brown, you know that the reports that have come out of Brazil have had considerably more scope to them than isolated cases that might occur anywhere. The reports have been continuous and they have been numerous, and they have had to do with the widespread use of torture of prisoners and abuse of prisoners

and indeed, some high-ranking members of the Brazilian Government itself have acknowledged that this has occurred in Brazil. So, we are not talking about just one of those situations where an isolated case of mistreatment might occur, as it might in any country. We are talking about a pattern of conduct that has become known to the world, and which has led to many outcries elsewhere. So, you are aware of this, I am sure.

Mr. BROWN. Yes, sir, I am aware of the allegations. I am aware of the newspaper items, sir. I am aware of reports on this matter, and early in 1969 or 1968 Minister Ellis discussed this matter with me. We were concerned about the continued reports. I in turn have discussed this on numerous occasions with the director general of the federal police. He assured me that he did not condone such practices, and indeed, if there were reported cases that they would be investigated and appropriate action would be taken. He mentioned to me on one occasion that President Medici did not condone that type of police work or alleged torturing. We have been concerned about it and one of the things, as I mentioned before, we have emphasized in our training, is the use of humane methods.

Senator CHURCH. If you have been concerned about it and have had many discussions with the Brazilian authorities, then what is the basis for your statement that you think the training program has been successful in inculcating methods of humane treatment?

NUMBER OF POLICE TRAINED BY UNITED STATES

Senator AIKEN. Will you state at this point what percent of the federal police have been trained by us either in Panama or in the United States?

Mr. BROWN. Well, we have trained a number in the States, but in addition to that, Senator, we are training on a continuing basis in Brazil itself. We are advising, assisting the Academy staff in a continuing training program. There are 3,800 Federal police, and I would say somewhere along the line we have been helpful in training across the board.

Senator AIKEN. About 500 of them were trained in the United States?

Mr. BROWN. No, sir. Of the 641 I would say about 40 members of the federal police have been trained in the States. I do not have the exact figures on that, Senator. I can provide that for you.

Senator AIKEN. I thought we trained some 691.

Mr. BROWN. That has to do with the police all throughout Brazil.

Senator AIKEN. Well, that is what I asked.

Mr. BROWN. Yes, sir, 641.

Senator AIKEN. That is what I referred to, what percent of the federal police of all Brazil have been trained here?

Mr. BROWN. Well, there are 271,000 police officers in Brazil, sir; 3,800 of that number are of the Federal police. The balance of them are the State police forces—176,000 uniformed and 84,000 nonuniformed in the various states; and 6,500 make up the district police in the Federal District.

Senator AIKEN. Do we train them in anything except law enforcement? Do we train them in community development, community enterprises, as we have done in some other countries?

Mr BROWN. We have——

Senator AIKEN. Or are they simply trained in the field of law enforcement?

Mr. BROWN. No; we have a public relations program, and I would, with your permission, read from that part of the course that we have helped them to develop.

Senator AIKEN. Is the training similar to what we have given Thailand, do you know?

Mr. BROWN. In part, the public safety program, yes, sir.

Senator AIKEN. It is.

Mr. BROWN. I have here a part of a course that is given, having to do with public relations and with your permission, I would just read this portion.

Senator CHURCH. Just to get on with this point that Senator Aiken raises, none of us on this committee assumes that you or any other American dealing with this public safety program is engaged in training Brazilian police to abuse Brazilian citizens. I am certain that our own training program is directed toward the instruction in law enforcement techniques of the kind that we would sanction in our own country and that we would approve. But you have made a statement that you feel that the program has been successful in accomplishing certain objectives, one of which is to inculcate in the Brazilian police humane methods. I question that on the grounds that many reports have come out in Brazil concerning torture in Brazilian jails, and the existence of the torture has been acknowledged by high Brazilian governmental officials.

NEWS ARTICLE ON TORTURE

For example, I have here a news item published in the New York Times dated the fourth of December 1970, out of Rio de Janeiro, which reads as follows:

A Cabinet Minister has acknowledged the use of torture in Brazilian jails. It was the first such admission by a member of the government.

Education Minister Jarbas Passarinho, speaking on a Sao Paulo television program Tuesday night, said that to deny that torture had been used in Brazilan jails would be untrue. He added, however, that it was not true to say there was a systematic policy of torture.

Then the article goes on in greater detail and I would include the whole article at this point in the record. In other words, I find it hard to follow your conclusions that our program has been successful in this regard in the light of the widespread instances of torture in the Brazilian jails which even the Minister of Education in the Brazilian Government acknowledges publicly.

(The New York Times article follows:)

[From the New York Times, Dec. 4, 1970]

BRAZIL AIDE SAYS TORTURE IS USED—MINISTER MAKES FIRST SUCH GOVERNMENT ADMISSION

RIO DE JANEIRO, Dec. 3 (AP)—A Cabinet minister has acknowledged the use of torture in Brazilian jails. It was the first such admission by a member of the Government.

Education Minister Jarbas Passarinho, speaking on a Sao Paulo television program Tuesday night, said that to deny the torture had been used in Brazilian

jails would be untrue. He added, however, that it was not true to say there was a systematic policy of torture.

There have been recurrent reports of torture in Brazilian jails over the last two years, but high-ranking officials had denied the charges.

In a military-court session yesterday, a university student charged with terrorist activities testified that he had been tortured.

The student, Ottoni Guimaraes Fernandes Jr., who is 24 years old, said: "I was tied with a rope. They applied electric shocks to my mouth, ears, nostrils, face and even my eyes. I was tortured for 36 hours and had two ribs broken."

DEATH PENALTY ASKED

He is charged with belonging to the outlawed National Liberating Action, an urban guerrilla group, and with participating in a bank holdup in which a security guard was killed. The prosecution is asking for the death penalty.

The National Liberating Action was one of two groups involved in the kidnapping last June of the West German Ambassador to Brazil, Ehrenfried von Holleben. He was later freed by the kidnappers.

Mr. Fernandes and his lawyer asked the judge to include the testimony on the torture in the court records, but the request was denied.

Mr. Fernandes said he was arrested Aug. 23 and was taken to a house on the outskirts of Rio, where he was beaten. Later, he said, he was tortured in a room in the Navy Ministry and in a military police station, both in Rio.

"I was tied and hung upside down," he said "Water was poured into my nose, almost killing me. They laughed at me and asked if I was hungry or thirsty."

He described a torture called "the hangman's Russian roulette."

"They put a rope on my neck," he said. "The end of the rope was thrown over a beam. They made me climb on a stool. They kicked the stool, and when I was almost dying they released me."

Senator AIKEN. I would like to ask him an easy one. Do you think the situation has been better than it would have been had we had no program?

Mr. BROWN. I am certain of that, Senator.

Senator AIKEN. I said that is an easy one.

SUCCESS AND IMPACT OF U.S. PROGRAM

Senator CHURCH. He knocked that one out of the ball park. But can you answer my question? I mean, I do not quite understand the basis for your conclusion that the program has been successful in light of these other acknowledged facts.

Mr. BROWN. Mr. Chairman, your question is directed at one particular part of the Federal police or the police of Brazil's operations. We have worked with them over the years and have continued to work in the area of training but also in improving their communications systems, in the Identification Bureau, in the Criminalistics Bureau, in the Graphic Section—all of these things, and in bringing about a better cooperation between the State forces and the Federal forces. Certainly, we have stressed the importance of humane and minimum force tactics.

Senator CHURCH. I am sure you have done that, Mr. Brown. But suppose that you had been so successful in stressing the proper restraint and the avoidance of abusive treatment as a matter of professional police practice that all those you had trained are model policemen. Let us just suppose that. You have trained how many—641?

Mr. BROWN. Yes, sir, in the States. We have——

Senator CHURCH. In the United States, this is the number you have brought here and given a full course, is that correct?

Mr. BROWN. Yes, sir.

Senator CHURCH. All right. How many police are there in Brazil?

Mr. BROWN. 271,000.

Senator CHURCH. 271,000. Now, just what impact do you really think the training of such a miniscule number of policemen could have upon an army of police so large as that which exists in Brazil?

Mr. BROWN. Well, I think, sir, that it has considerable impact but let me say that the 641 trained are only those trained in the United States. Since the inception of our program in 1959 we have had advisers in the country assisting in their training programs and their in-service training programs and their academy programs and in establishing academies, and that impact has been immense.

In addition, the 641 returned and are utilized in training throughout the country, and through the multiplier effect they have been able to reach a great number of their brother officers. So I would say, yes, there has been a considerable impact.

Senator CHURCH. How does this public safety program in its size compare to those that we are conducting in other countries, do you know?

Mr. BROWN. Well, a very small part, sir. Our program for fiscal year is $370,000.

Senator CHURCH. I mean, the public safety program we have been conducting in Brazil, how does it compare in size with public safety programs we have been conducting in other countries, do you know?

AMOUNT OF MONEY INVESTED

Mr. BROWN. It has been a very modest program. Over the 10-year period the U.S. Government has invested approximately $10 million over that period of time.

Senator CHURCH. How much of that money has gone into training and how much of it has gone into equipment?

Mr. BROWN. About one——

Senator AIKEN. Were these atrocities, Senator Church, committed by the Federal police or the State police? As I understand it, the Federal Government has not very good control over the States because they are more autonomous even than the Canadian Provinces are.

Mr. HOLT. They are not any more.

Senator AIKEN. That has been changed in the last few years. Then the Federal Government would be mainly responsible.

Mr. BROWN. Of the total amount mentioned, sir, approximately $3 million has been for commodities.

KINDS OF EQUIPMENT SUPPLIED

Senator CHURCH. Can you supply for the record, though we have the table here, what kinds of equipment we have supplied through this program in a general way?

Mr. BROWN. Well, the principal need of the Brazilian police has been for mobility and for communications, and our main thrust insofar as commodities has been in the area of communications. They had urgent need to establish communications within the various States, and at one time we were working with 15 States and the Federal District. As of June of 1969 we terminated the programs in the 15

States and the Federal District and now are concentrating on working only with the Federal police.

Of the $3 million, only $1 million of that has been for the Federal police. Telecommunications equipment, vehicles, various training aids, identification equipment for the identification bureau, equipment for the crime laboratory, for the graphics section, that is the type of equipment for which these funds were used, sir.

Senator CHURCH. Have you supplied small arms to the police?

Mr. BROWN. None.

Senator CHURCH. Have you supplied Mace?

Mr. BROWN. None.

Senator CHURCH. Have you supplied tear gas?

Mr. BROWN. Back in 1962 and 1963 a small amount was supplied which was used for training purposes.

Senator CHURCH. Have you supplied helmets or personal gear of the kind that the police use for riot control?

Mr. BROWN. Yes, we have supplied some for training purposes but aside from that we do not extensively equip the police. Rather it is for demonstration purposes to introduce a new type of equipment for them or, as I said, for training purposes.

Senator CHURCH. All right, Mr. Holt, will you proceed with your questions, please?

MILITARY CONTROL OF POLICE FORCES

Mr. HOLT. Thank you, Mr. Chairman.

Mr. Brown, I would like to go back to your prepared statement and have you elaborate a little upon the kind of police forces in Brazil which you mention in the first paragraph because otherwise we run into semantic difficulties in distinguishing between military police and civil police.

Mr. BROWN. Yes, sir.

Mr. HOLT. Is it not a fact that whether they are called civil police or military police or federal police they are all under the control of the Brazilian Armed Forces?

Mr. BROWN. Yes, sir.

Mr. HOLT. All right.

Mr. BROWN. Let me modify that, Mr. Holt. They are actually under the Minister of Justice, but the key commanders in all of the police agencies are military.

Mr. HOLT. I have a table here which you supplied me in Brazil showing the police forces, federal police, Federal District police, State military police and State civil police with numbers, which I think it would be well to put into the record, Mr. Chairman.

(The table referred to follows:)

Police Forces

	271,000
A. Federal Police	3,800

A nonuniformed force with nationwide jurisdiction in the investigation of crimes which are interstate in character such as customs, narcotics traffic, antitrust violations, censorship, counterfeiting legal tender and subversion. Also responsible for operation of the National Identification Institute, the National

Police Forces—Continued

A. Federal Police—Continued	
Criminalistics Institute, the National Telecommunications Center, and the upgrading of police training through the National Police Academy. Responsible to the Ministry of Justice and International Affairs.	
B. Federal District Police	6,500
A uniformed and nonuniformed force responsible for maintaining law and order and the internal security in the Federal District (Brasilia). Responsible to the Governor of the Federal District.	
C. State Military Police	176,000
A uniformed police force in each state responsible for maintaining law and order and internal security in their respective states. Responsible to the Secretaries of Public Safety of the individual states. Provisions exist for their federalization as Army Reserve units in time of war.	
D. State Civil Police	84,000
A nonuniformed force performing investigations and technical support duties and administrative functions. Responsible to the Secretary of Public Safety of the individual states.	

STATE SECRETARIES OF PUBLIC SAFETY

Mr. HOLT. With respect to the State military police and the State civil police the distinction seems to be that the State military police is a uniformed police force and the State civil police is a nonuniformed police force. Both are responsible to the secretary of public safety in the individual States. Who appoints those State secretaries of public safety?

Mr. BROWN. The Governor of the State.

Mr. HOLT. And with the exception of the State of Guanabara, who selected the Governors of the States?

Mr. BROWN. Well, they have elections.

Mr. HOLT. By whom?

Mr. BROWN. Sir?

Mr. HOLT. What constitutes the electorate for electing a State Governor in Brazil?

Mr. BROWN. As far as I know, I am not versed on that, Mr. Holt, but so far as I know, it is a general popular election.

Mr. HOLT. It is the State legislature, is it not?

Mr. BROWN. I am not qualified to answer that question, I am afraid.

Mr. HOLT. You might wish to—are you qualified, Mr. Dean?

Mr. DEAN. Yes, sir. The answer is "Yes."

Mr. HOLT. And are the State secretaries of public safety civilians or military officers?

Mr. BROWN. They have been mainly civilians during my administration there.

Mr. HOLT. Are they now?

Mr. BROWN. No; I would say that perhaps the majority of them are now military people.

DOPS

Mr. HOLT. What is the relationship to any of these police forces of the organizations which are known as DOPS, those letters being the Portuguese initials for Department of Public Order and Security.

Mr. BROWN. The DOPS are the investigative division of the police, whether it be the Federal police or whether it be the State police.

Mr. HOLT. Where do the commanding officers of the DOPS come from?

Mr. BROWN. Within the secretariat of public safety there are a number of specialized areas such as robbery, theft, homicide, political and social order which are DOPS responsibilities. The head of the DOPS can be a career man but in many cases is appointed directly by the Governor.

Mr. HOLT. And he is, as of now, more often than not, a military officer?

Mr. BROWN. I would not say that is the case, Mr. Holt.

Mr. HOLT. What is the relationship of what is known as SNI, which are Portuguese initials for National Intelligence Service?

Mr. BROWN. National Intelligence Service is not a part of the police.

Mr. HOLT. What is it a part of?

Mr. BROWN. I am not qualified to answer that, sir.

Mr. HOLT. You have had no contact with that?

Mr. BROWN. No, sir.

Mr. HOLT. In your statement you say that one of the initial goals of the public safety program in Brazil was the establishment of a Federal police organization and that one of the principal functions of the Federal police is to assume an increasing share of the provision of training and technical services for the State level police forces. Do we correctly infer from this that the Federal police is moving to take over the training functions of State police forces which were formerly performed by OPS?

Mr. BROWN. Very definitely, Mr. Holt. Since fiscal year 1969 we have encouraged and assisted the Federal police to increase their capabilities to render advice and assistance to the various States in a manner very similar to our own aid. For example, in the training of participants, where we have sent 641 participants to the United States for training, the Federal Police Academy is now prepared to receive participants from all 22 States.

FUTURE PLANS OF AID PUBLIC SAFETY PROGRAM

Mr. HOLT. What are the future plans for the AID public safety program in Brazil?

Mr. BROWN. The U.S. AID, the mission, and Washington, have reached a decision that this program be phased out in June of 1972. And we are gradually phasing down. We have only four advisers left in Brazilia, and there will be only three after January 1 until termination of the program in June.

Mr. HOLT. The advisers you have left in Brasilia work mainly with the National Police Academy there, is that correct?

Mr. BROWN. Yes, sir, except that in assisting with the mobile training they do travel into the various States and coordinate the training there. This is a new step that the Federal police have taken and we have assisted them in this, in addition to training at the National Police Academy itself, to send out from the academy training teams to assist—something like we would in sending a team to a country because most of the States are as large as other countries.

Mr. HOLT. Yes, but even these mobile training teams come from the National Police Academy?

Mr. BROWN. Yes, sir.

Mr. HOLT. So even in that work you are working with the academy?

Mr. BROWN. Yes, sir; but they do travel some into the States.

Mr. HOLT. Right.

FUNCTIONS OF ADVISERS

Would you describe a little more precisely what the public safety advisers remaining in Brazilia do in their relationship to the academy? Is their function one of advising the academy across the board or do they concentrate on some particular aspect of its work?

Mr. BROWN. Well, in the past, when we had more advisers, they were pretty well across the board. As we phased down and as the Federal police are more and more prepared to assume their full responsibility the advisers' duties have been spread. They are assisting, as I mentioned, with the mobile training team project. They also are continuing to advise on a limited basis the various other divisions, such as the Criminalistics Institute, the Identification Institute, the Graphics Section, and to continue to coordinate and evaluate and work with the instructors at the academy.

The primary function right now is working with the academy staff.

Mr. HOLT. One of the functions of the Federal police, according to decree law No. 4483 of November 16, 1964, is censoring public entertainment and publications to insure that they do not adversely affect the national security interests of the country. And one of the courses listed in the 1971 catalog of the National Police Academy is a course on censorship. Do, or have AID public safety advisers had any relationship with this function?

Mr. BROWN. No, sir.

They utilize our services there for their training. The censorship service is a part of the Federal Security Police Division.

Mr. HOLT. And you have nothing to do with that?

Mr. BROWN. No, sir.

Mr. HOLT. There is also a course at this academy on tactical units of security and investigation. Have you had anything to do with that?

Mr. BROWN. We have nothing at all to do with it. We assist in planning and forming the curricula for the overall academy operation, but in that specific field; no, sir. But naturally, we have assisted them in the entire academy operations and so to that extent we have helped in that area.

Mr. HOLT. Have you been in sufficiently close contact with it to be able to tell us a little bit about the contents of this particular course?

Mr. BROWN. No, sir.

RIOT CONTROL EQUIPMENT

Mr. HOLT. I notice in the tables you submitted showing the equipment that you have supplied that almost all of the riot control equipment was supplied in fiscal year 1963 or before. Does this rather sharp break at that point in time indicate that there was a U.S. policy change about supplying equipment of this nature?

Mr. BROWN. I believe not, Mr. Holt. As I mentioned, much of the equipment we provide is on a demonstration basis, and we have not continued to provide during the life of the project.

Senator CHURCH. You mean by that, Mr. Brown, that we furnished various types of riot control equipment to demonstrate to the Brazilian Police Academy the implements that were available for this purpose, and having done that we had no further need to supply more equipment of this kind?

Mr. BROWN. Well, all of the items that you have mentioned, Mr. Chairman, were supplied prior to my administration, but as I mentioned, we do introduce new techniques. About 1963, it became necessary in some parts of the world for tear gas to be used in crowd control and it is possible that this was an introduction of this technique. The Brazilians manufacture their own gas, they have their own production there now. They did not at that time.

Mr. HOLT. For the record, Mr. Brown, what were the dates of your service in Brazil?

Mr. BROWN. December 1967 until March of 1971, the end of March.

SURVEILLANCE EQUIPMENT

Mr. HOLT. Thank you.

Has Public Safety supplied to the Brazilian police any electronic devices for bugging or tapping telephones or for other uses in surveillance?

Mr. BROWN. No, sir.

Mr. HOLT. Any cameras?

Mr. BROWN. Cameras?

Mr. HOLT. Cameras.

Mr. BROWN. Yes, sir.

Mr. HOLT. What kind of cameras?

Mr. BROWN. Well, different types, cameras for mugging purposes, a larger type camera for ordinary photographic work, and we have also provided a limited amount of movie cameras for training purposes.

Mr. HOLT. Have you ever been asked to supply any electronic equipment of this kind?

Mr. BROWN. I have not.

Mr. HOLT. Are there any AID guidelines or directives about furnishing equipment of this sort?

Mr. BROWN. We do not provide that type of equipment. I have never done so and I have been the chief adviser in several different countries, and I have never provided it.

(The following information was subsequently supplied:)

Specific AID guidelines for audio surveillance equipment are provided in the following Manual Order 1544.1, II.A.2. Additionally, it is the policy of the Office of Public Safety that tape recorders and accessories may be considered in the category of audio surveillance equipment dependent on the intended use. The Office requires a specific statement on the requisition from the field that tape recorders needed will not be used for audio surveillance purposes.

* * * * * * *

II. EQUIPMENT AND SUPPLIES

A. General

1. The Public Safety program requires equipment which serves to increase the counter-insurgency capability of indigenous security forces and which contributes to the effectiveness of those forces in meeting normal police responsibilities. The list of equipment items supplied in Public Safety programs is quite

extensive, but may be classified generally under four categories: (1) weapons, ammunition, and tear gas equipment; (2) police communications equipment; (3) police transportation equipment; and (4) general police equipment (for traffic enforcement, criminal investigation, police training, police records and identification, laboratories, etc.).

2. All audio-surveillance equipment and devices (such as microphones, transmitters, listening devices, and recording devices of microminiature design, and components thereof) are on the ineligible commodity list and may not be AID financed. No waiver of this policy is permitted. (See M.O. 1454.3–Borrower/Grantee or Importer Procurement, Commodities, and Related Services: Administration of Requirements on Commodity Eligibility.)

* * * * * * *

Mr. HOLT. With respect to Brazil, have you found it necessary on occasion to turn down Brazilian requests for police equipment?

Mr. BROWN. No, sir; we have only a limited amount of funding, and they have been most receptive to our recommendations concerning the type of equipment that we felt that would be the most helpful for them.

Mr. HOLT. They have not wanted more than you have been in position to give them?

Mr. BROWN. They may have wanted more; yes, sir. But as I said they have been very cooperative in realizing we only have limited funds.

SPECIAL ELECTRONIC EQUIPMENT

Mr. HOLT. In the lists of commodities which have been furnished there is a reference in fiscal year 1963 to special electronic equipment. Do you know what that included?

Mr. BROWN. I did not follow you, sir. Where is the reference?

Mr. HOLT. Specifically, it is in—are you familiar with this document, "Evaluation of the Public Safety Program USAID/Brazil?"

Mr. BROWN. Yes, sir.

Mr. HOLT. On page A–105, there is a commodity profile for "Brazil Fiscal Year 1963, Special Electronic Equipment, Miscellaneous NEC Equipment," I do not know what that is; do you know what it is?

Mr. BROWN. No, sir; but I could determine it for you if you wish. I do not have that information.

Mr. HOLT. If you could and supply it for the record, it would be helpful.

Mr. BROWN. Very well.

(The information referred to follows:)

The special electric equipment listed on line 10 of the "Commodity Profile" sheet consisted of the following items:

Test Equipment (Radio):

4 FM Signal Generators
6 Volt Meters
2 FM Deviation Meters
2 Audio Generators
3 Portable Test Sets
2 Tube Testers
1 Transistor Tester
2 RF Monitors
3 Oscilloscopes

Megaphones total 39 provided.
Alternators 40 amps—Several provided (for radio charges).
Constant Voltage Transformers (to stabilize radio current supply)—2.
Public Address Systems—2.
Field Type Telephones—6.

Tape Recorders—2:
Wollensak model 1500
Standard Commercial Model

Commodity Profile.—The "Misc. NEC equipment" mentioned as the last item in the list of commodities provided by the Public Safety program in FY 1963 concerns miscellaneous items "not elsewhere classified" as defined under the A.I.D. Commodity Code 890. This commodity code is designated for this purpose for all A.I.D. procurement. The equipment that was provided at that time in this category consists of fingerprint comparators, photo developing equipment, police-type safety helmets, duplicating machines, vehicle traffic counters and identification cameras.

Mr. HOLT. Even if you have not furnished the kind of equipment we have been talking about, are you aware of Brazilian police capabilities in this field?

Mr. BROWN. No, sir.

Mr. HOLT. Have you or any of your staff ever seen any electronic equipment of this sort in Brazilian police or military installations?

Mr. BROWN. Well, when you say electronic what do you mean?

Mr. HOLT. Electronic, I mean, wiretapping devices, bugging devices, eavesdropping, surveillance, that sort of thing.

Mr. BROWN. I have not seen that type of equipment, and I have never had an adviser inform me of the use by the police of that type of equipment.

Mr. HOLT. Yes.

Mr. BROWN. Certainly, we have never provided any.

Mr. HOLT. Have you ever discussed this type of police operation with Brazilian police forces?

Mr. BROWN. No, sir.

Mr. HOLT. Have you ever furnished any polygraphs?

Mr. BROWN. We have not.

Mr. HOLT. Or have you ever trained any Brazilian police or military officers in the operations of polygraphs?

Mr. BROWN. No, sir.

PRESENT INTERNAL SECURITY SITUATION

Mr. HOLT. Your project agreement with Brazil, or at least, some of your earlier project agreements have stated as the objectives of the program, among other things, to continue the development of the various police forces of Brazil and their capacity to maintain law and order and to provide more effective internal security.

How would you describe the internal security situation in Brazil at the present time?

Mr. BROWN. They have a continuing problem with terrorists, bank robberies and other terrorist type activities. With regards to the general normal crimes, that we consider crimes, they have very good security, very good control, but they do have a continuing problem with kidnapings, bank robberies which are connected with the terrorist movement. This is a continuing problem, but I would say, it has improved.

Mr. HOLT. Since providing more effective internal security has been one of the objectives of the public safety program, what has been the relationship of the public safety program to Brazilian efforts to deal with the internal security problem you just described, the terrorism, the bank robbing, the kidnaping, et cetera?

Mr. BROWN. Well, the enforcement of all the laws is an everyday law enforcement responsibility. So our training, our assistance, has been across the board, which has increased their capability to maintain security, what you would call internal security. I cannot pinpoint any certain things that we have done in that connection. I would say it is across the board to increase their capabilities.

Senator CHURCH. Would you call that the major objective of the program?

Mr. BROWN. To increase their capabilities to maintain law and order; yes, sir.

Senator CHURCH. To maintain internal security.

Mr. BROWN. Well, if it is to maintain law and order and to protect life and property, and to enforce the law of the land, and that, of course, Mr. Chairman, would be maintaining internal security.

Senator CHURCH. You have testified that in the main where ordinary crime was concerned, the Brazilian police have done a very effective job but that the country is plagued with activity of the terrorists who engage in kidnaping, bank robbery, rioting, I suspect, from time to time, but this is the principal internal problem in Brazil, is that correct?

Mr. BROWN. Yes, sir.

Senator CHURCH. Well, if this activity in the main is to be differentiated from ordinary or normal crime, what is the distinction? Is it that this activity is related to the political side of Brazilian life whereas normal crime would not be?

Mr. BROWN. Well, it is difficult to separate. For instance, it is assumed that some of the bank robberies are connected with the terrorist movement, yet all of them cannot be. It is assumed that some of the bombings are terrorist activities, some of them may not be, but to prevent this type of occurrence, and to maintain law and order, this has been our work over the years.

Senator CHURCH. By terrorists as you used the term, you are referring, I take it, to Brazilians who are undertaking acts against the Government, that is, they are rebels or revolutionaries. There are other terms that might more accurately describe their motivation than the term terrorists, are there not? Are you referring to people of this kind?

Mr. BROWN. Well, I was referring actually to people who do that type of thing.

Senator CHURCH. They are revoluntionaries, are they not? Is not that the objective?

Mr. BROWN. Yes. Whether it is a case of embarrassing the Government or to——

Senator CHURCH. To harass the Government.

Mr. BROWN. Right.

Senator CHURCH. And so their activity in that sense is political, is it not?

Mr. BROWN. It could be termed that way; yes, sir.

Senator CHURCH. And our purpose in providing this training program for the police is to equip them better to deal with this kind of disruptive political activity, is that true?

Mr. BROWN. No. Our objective is to improve their capability to maintain law and order and to protect life and property, and to en-

force the law of Brazil, which is across the board and that is a part, of course.

Senator CHURCH. Yes. That is principally what we mean when we use the term internal security, is it not?

Mr. BROWN. Well, I prefer as a civil police officer, to say civil law enforcement but the words "internal security" naturally are used. It is an internal matter. But in my position, and as an adviser in police work, we would refer to it as law and order, protecting life and property. For example, the police protect property from the bombs, and protect the lives of the people.

Mr. HOLT. Mr. Brown——

Senator CHURCH. May I just ask one more question?

Mr. HOLT. I am sorry.

Senator CHURCH. Just one more question in this regard.

If there were no internal security problems in Brazil having to do with terrorists and their activities against the Government, do you think that we would have established a public safety program of this kind in that country?

Mr. BROWN. Well, at the time the program was established in 1959 to my knowledge, they did not have this situation. This has been a development starting in 1966 or 1967, along about that time. Our program was designed to increase their capabilities, as I mentioned in regular law enforcement and it was not initially nor specifically designed to assist the police in dealing with terrorist problems. But this is indeed a part of it.

Senator CHURCH. Yes. All right.

TYPE OF U.S. ADVICE GIVEN

Mr. HOLT. Could you elaborate a little bit more on how your advice to Brazilian police, which you say goes across the board, operates? Have they ever come to you or any of your advisers requesting advice on what to do about this terrorist problem or bank robberies or kidnapings?

Mr. BROWN. Oh, very definitely, that is discussed on a day-to-day basis with our counterparts. If they seek advice and assistance having to do with kidnaping, and certainly we were involved at the time our own Ambassador was kidnaped, they were seeking guidance and any advice that they could receive.

Mr. HOLT. What advice have you given them on this problem?

Mr. BROWN. Here again, it goes across the board. We do not have any capsule that we could give them that would deal with kidnaping, but police communications plays an important role in preventing this type of thing, police mobility is a very important element, and surveillance training and all of the various things that go along with good every day law enforcement work, help cope with the problem. The protection of the dignitaries is a part of the Federal police responsibility, and we have worked with them in the proper deployment of people; the use of escort cars and this type of thing.

BANK ROBBERY PROBLEM

Mr. HOLT. What about bank security in the prevention of bank robberies?

Mr. BROWN. Here again, this is a normal civil police function, and the first objective is to try to prevent criminality by establishing patrols—having the police presence to prevent the crime from occurring. If the crime occurs then it is the responsibility of the police to attempt to apprehend the persons responsible, to conduct a systematic investigation and to try to bring about their apprehension.

Mr. HOLT. I believe that one of the things the Brazilians have done in connection with the bank robbery problem is to require each bank to maintain its own guards and security people in the place; is that correct?

Mr. BROWN. That is correct, and that idea, I am sure, originated right here in the United States because they are doing that here. This is something that they have grasped upon to maintain their own guards, and the police have encouraged this because it is a tremendous drain on the police resources to deploy police at all of the banks.

Mr. HOLT. You say that idea originated in the United States. Was it transmitted to the Brazilian police through AID public safety or did they read about it in the New York Times or where did they get the idea?

Mr. BROWN. It was not a part of our program.

Mr. HOLT. It was not?

Mr. BROWN. I am only saying, I can only assume that someone obtained the idea from a visit here or maybe some of the banks sought advice from people here.

Mr. HOLT. Right.

Another thing Brazilians have done about it, if I am correct, is to legislate the death penalty for bank robbery; is that right?

Mr. BROWN. Yes, sir. I do not believe it was just bank robbery, Mr. Holt, but for terrorist type crimes.

Mr. HOLT. Including bank robbery and kidnaping.

Mr. BROWN. Yes, sir.

Mr. HOLT. Did they have that idea themselves or did they get it from AID public safety?

Mr. BROWN. They certainly did not get it from AID public safety.

Mr. HOLT. Is there anything specific which they have done to deal with this problem that does represent an idea they got from AID public safety?

Mr. BROWN. Well, I think there are numerous ideas that they have obtained from AID public safety.

Mr. HOLT. Would you give us an example?

Mr. BROWN. Well, I think a good example would be in the area of communications, and the establishing of central control stations where the alarm comes into the headquarters by telephone or by special alarm from the bank. This enables the police to respond more quickly to the scene of the incident. One of the things that is stressed in the International Police Academy here is the police operations control room, and the better utilization of communications and mobility in rapid response to the need for police services generally.

CODI

Mr. HOLT. What is CODI?

Mr. BROWN. Could you elaborate?

Mr. HOLT. It is Internal Defense Operations Center.
Mr. BROWN. It is not part of our program, sir.
Mr. HOLT. You have no knowledge of it?
Mr. BROWN. No, sir.

ADVISERS' LANGUAGE CAPABILITY

Mr. HOLT. Just as a matter of interest, there are now four public safety advisers left in Brazil; are there not?
Mr. BROWN. Yes, sir.
Mr. HOLT. What is their Portuguese language capability?
Mr. BROWN. Three of them have excellent, and the one adviser is a program analyst who does not deal with the counterparts.

REACTION OF BRAZILIANS TO FEDERAL POLICE

Mr. HOLT. What has been the reaction of the Brazilian States to the establishment of the Federal police and the National Police Academy?
Mr. BROWN. What has been their reaction?
Mr. HOLT. Reaction. Do they think this is a good idea or a poor idea? Do they welcome it or resist it?
Mr. BROWN. Well, the Federal police, being a new organization, has had problems in gaining the confidence of the police agencies throughout the country. They have been, I suppose, suspicious that the Feds were going to take over perhaps but they are overcoming this rapidly through their public relations work, through their efforts to assist the various State police agencies and indeed, through the establishment of the National Police Academy. Although the officials in the various States were not overly enthusiastic about the idea of training at the Federal Police Academy, they have since become very receptive to the idea, and in most cases are very enthusiastic about it. The academy certainly can be considered as one of the best in South America, and it enables a larger number of men to receive training. As they receive training and return to their states it creates a better relationship between the Federal police and the State police agencies in addition to improving the capability of that individual to carry on training in his own State.
Mr. HOLT. Is one of the functions of the AID public safety advisers who remain in Brazil to foster this relationship?
Mr. BROWN. Yes, sir.

FUTURE PUBLIC SAFETY ASSISTANCE

Mr. HOLT. Is it contemplated that AID will continue to make local currency available to the National Police Academy or to other police institutions in Brazil after the public safety advisers are withdrawn?
Mr. BROWN. I believe I am not qualified to answer that, sir.
Mr. HOLT. What about equipment, is that contemplated to continue?
Mr. BROWN. It is not contemplated; no, sir.
Mr. HOLT. It is not contemplated.

USE OF AID EQUIPMENT IN CONTROLLING RIOTS

Senator Church asked you a few minutes ago about the extent to which AID equipment might have been used by Brazilian police and military to control riots and that sort of thing, and I believe you said that it had not been, to the best of your knowledge; is that correct?

Mr. BROWN. I cannot recall, I cannot remember, sir, what I said, but would you repeat it? Are you making it in the form of a question?

Mr. HOLT. Yes. To what extent has AID equipment been used by Brazilian police or the military to control riots or to occupy universities or other purposes like that?

Mr. BROWN. Communications equipment has been used extensively, and this is, has been, an important factor in their improving their capability to better control crowds. The vehicles that have been furnished, the increased mobility, has been helpful to them.

Senator CHURCH. May I ask if the public generally is aware of the aid, the equipment, the instruction, that we have been giving the Brazilian police?

Mr. BROWN. I think they are generally informed; yes, sir, Mr. Chairman. We have over the years used the AID handclasp and we have had some publicity on it.

Senator CHURCH. In other words, there has been an attempt on our part to publicize this insofar as we were able?

Mr. BROWN. I would not say that we have attempted to publicize, but certainly there has not been any secret and, as I said, we have used the handclasp.

Senator CHURCH. The handclasp is intended to publicize the fact?

Mr. BROWN. Yes, that is right.

Senator CHURCH. That the equipment bearing that particular symbol has been furnished by the United States as part of the AID program; is that not correct?

Mr. BROWN. Yes.

Senator CHURCH. You say this equipment has been used extensively in riot control; you just testified to that.

Mr. BROWN. Yes; I said the telecommunications equipment, and the vehicles.

USE OF RIOT EQUIPMENT

Senator CHURCH. That makes relevant a quotation that I have been furnished. This comes from the New York Times, on April 6, 1971, having to do with the comment of a Brazilian politician on the 1968 police occupation of the University of Brasilia. He is quoted as having said:

> Those kids are never going to forget that the police who used clubs on some of them were wearing equipment that still had USA stenciled on it.

Mr. BROWN. I recall that incident, Mr. Chairman, and it was not AID equipment.

Senator CHURCH. Well, was it equipment that had USA stenciled on it?

Mr. BROWN. I did not see it but I heard that there was such an item.

Senator CHURCH. Where did that equipment come from?

Mr. BROWN. I am not aware, sir. I know that it was not AID public safety equipment or AID equipment.

Senator CHURCH. It is possible that it was equipment supplied through our military assistance program?

Mr. BROWN. I am not aware, sir, of what it was.

Senator CHURCH. Was it equipment supplied by the United States? Are you aware of that?

Mr. BROWN. I am not aware of that, no, sir.

Senator CHURCH. You simply do not know anything about that. Did you make any inquiry?

Mr. BROWN. Yes; we made inquiry, and determined that it was not AID public safety equipment. I recall that it did have USA on it. Whether it was something that someone had obtained in some way or whether it was provided, I am not sure.

Senator CHURCH. When you found out that it had not been furnished through your program, did you carry your inquiry any further?

Mr. BROWN. No, sir.

Senator CHURCH. Or do you know whether your inquiry was carried any further by the Embassy?

Mr. BROWN. I believe it was pursued, yes, sir, by the Mission.

Senator CHURCH. I think we should ask the Ambassador about that matter.

(The following information was supplied subsequently:)

Subject equipment were olive-drab canvas pouches for carrying gas masks; they had U.S. stencilled in large black letters on the pouch; below the emblem was an insignia believed to be of the U.S Army Chemical Corps and in smaller size stencilled lettering a capital "U" and the words "Army Service Gas Mask."

US A.I.D. Public Safety was informed by the acting commander of the Military Police Battalion that the masks were loaned to the military police by the Brazilian Army.

Following the incident, US A.I.D. Public Safety advisors discussed the subject with Secretary of Public Safety for the Federal District and he made the decision to have all of the U.S. markings on these pouches painted over with black paint. He later issued orders to the Military Police Commander to make certain that all equipment on loan from the Brazilian Army be checked and U S. markings painted over.

FOREIGN BROADCAST INTERCEPTS BY POLICE

Mr. HOLT. This evaluation report to which I referred earlier contains a reference by the director of Federal police telecommunications to foreign broadcast intercepts, an activity that he supervises from his office in Brasilia. Since your advisers have worked with Federal police telecommunications, can you tell us anything about this foreign broadcast intercept activity which they carry on?

Mr. BROWN. No, sir; it was not a part of our telecommunications advisers' work.

Mr. HOLT. You do not know anything about it?

Mr. BROWN. No, sir.

CRIME STATISTICS

Mr. HOLT. Are there any crime statistics for Brazil that would make it possible to compare the general crime situation today with what it was 5 years ago?

Mr. BROWN. No, sir; this is one of the areas that we are encouraging them to develop through their identification bureau. They have not maintained that type of record.

Mr. HOLT. Do you have any impressions from having lived in the country for a period of 3 or 4 years, whether it has gotten better or worse?

Mr. BROWN. What has gotten better?

Mr. HOLT. Crime.

Mr. BROWN. Crime. I am convanced they have improved the crime picture. There are less crimes, aside from the more violent ones that have erupted during the last few years.

Senator CHURCH. You mean, aside from the terrorism?

Mr. BROWN. Yes, sir.

Mr. HOLT. Would you feel safer by yourself on the street at night in Washington or in Rio?

Mr. BROWN. I would feel safer in Rio.

Senator CHURCH. If that is the case then how is it that we are so well qualified to instruct the Brazilians on adequate police protection methods?

Mr. BROWN. I am sorry, sir, I did not quite understand the question.

Senator CHURCH. If you feel safer walking in the streets of Rio than in Washington, the Capital of this country, how is it that we are so specially qualified to instruct the Brazilians on proper police methods?

Mr. BROWN. I would not say that my statement had to do—anything to do—with the quality of our law enforcement or the qualifications that our law enforcement personnel have. I think it is just the facts of life, sir.

Senator CHURCH. Well, is it not a fact of life, Mr. Brown, that the most sensitive of all relationships that exist between a government and the governed has to do with the police, the internal security, the maintenance by the government of what you would call law and order? Is that not probably the most sensitive bond of all between the government and the governed?

Mr. BROWN. Yes, I would say so.

Senator CHURCH. I would say so, too. Is that not really the heart of sovereignty when it comes to that umbilical cord connecting government with the people governed? I cannot feature anything that is more intimately connected in an organized society between the government and the people than this particular relationship, can you?

Mr. BROWN. I agree.

FOREIGN ASSISTANCE TO UNITED STATES IN MAINTAINING ORDER

Senator CHURCH. Well, that being the case, what if the Brazilians were up here instructing us in police techniques, supplying us with equipment, and demonstrating to us what we should do to maintain proper order within our own country, would you approve of that as an American?

Mr. BROWN. Yes, I would approve. It would not be my prerogative to——

Senator CHURCH. You would think it would be a proper business of Brazil?

Mr. BROWN. If the Brazilian Government felt they could do that, provide advisory services and commodities and we, in turn, desired that and requested it, yes.

Senator CHURCH. And you, as an American citizen, would approve of this particular kind of program in the United States, financed and conducted by Brazilians? You would?

Mr. BROWN. I would approve, yes, sir, if there was that need. I would hope that we would not have that need. We have expertise here in this country that I am confident can and will continue to maintain law and order in this country. But if the case would be that the Government of Brazil had the resources and were willing and any particular State or our Government deemed or decided that they needed it, I would not object.

Senator CHURCH. As a free citizen of a free land, you think that you could be easily persuaded that a foreign government was needed to provide us with instruction and with equipment and general directions for our police activities in this country?

Mr. BROWN. Well, I believe, sir, that you will find an exchange of ideas in police work today.

Senator CHURCH. I am not talking about an exchange of ideas. I am talking about the kind of program financed and operated by Brazilians in this country that we have been financing and operating in Brazil, that is what I am asking about, that is quite different from an exchange of ideas, is it not?

Mr. BROWN. I believe I answered that, Mr. Chairman. I hope I did.

Senator CHURCH. All right.

COMPARISON OF UNITED STATES AND BRAZILIAN POLICE OPERATIONS

Mr. HOLT. What do you see as the comparative advantages and disadvantages under which the police operate in the United States and in Brazil?

Mr. BROWN. I think equipment wise primarily. I think our police are much better equipped and, secondly, much better paid.

Senator CHURCH. Are there any advantages that the Brazilian police have in performing their duties that our police do not have?

Mr. BROWN. I believe that our police have more serious problems that they are confronted with, a far more serious situation than are the Brazilian police.

Senator CHURCH. What do you mean by more problems and are confronted by more serious situations?

Mr. BROWN. I think that on a day-to-day basis our police are confronted with more crimes, with more difficult problems in many respects, in traffic, in the control of crimes. Actually, the Brazilians are a very peaceful people and I do not, I just do not, from my observation, believe the police have as serious a problem as we have here in dealing with the people.

Senator CHURCH. Why are they in need then of this elaborate instructional and training program?

Mr. BROWN. Well, as I mentioned earlier in my testimony, Mr. Chairman, the police of Brazil have come a long way in the past 10 years in changing from a military concept of rule to a civil police concept, or a concept of service to the people, and indeed minimum use of force. I think that this is the area that we have been able to bring about a change, and in addition to that with equipment, as I said before. We have had and have now communications equipment

that is second to none in the world, and by introducing, demonstrating the value of communications, I think it has been most helpful to them. But they are approaching right now very fast a full capability indeed to train their own people.

PUBLIC ATTITUDES TOWARD POLICE

Senator CHURCH. Do you know anything about public attitudes in Brazil? For example, do you know whether or not the police in Brazil have been traditionally well thought of by Brazilian people?

Mr. BROWN. I think generally; yes, sir.

Senator CHURCH. They have had a reputation for integrity and honesty, the people have a high regard for them and the courts, the general law enforcement system that has traditionally existed in that country?

Mr. BROWN. I am not certain they have always been thought of in that way but I do know that the image of the police has improved in recent years, and that generally they are respected.

Senator CHURCH. What do you base that opinion on?

Mr. BROWN. My own observations having been in the country for 3 years, and to observe the operation of the police, to observe the attitude of the people toward the police.

Senator CHURCH. Do you have any objective evidence apart from your own subjective judgment on that question?

Mr. BROWN. Well, I can use one example, Mr. Chairman. Not too long ago they introduced the idea of public relations, of developing films, both the Federal police and some of the State levels particularly in Guanabara, public relations type films, to bring about improved relations, to improve the image of the police, to gain the confidence of the people.

Senator CHURCH. If the reputation is generally good what is the need for public relations programs of films and other public relations methods to improve, as you say, improve the image?

Mr. BROWN. I think the contribution that we have made, Mr. Chairman, over the past 10 years has been helpful in bringing this very thing about.

Senator CHURCH. Well, do you think these new programs that you referred to are needed for the purpose of improving the image of the police? You said that is their purpose.

Mr. BROWN. That is not the sole purpose of the program, of course, sir, but it has been a part of it. It has been an integral part of the program, and I believe that this has been most helpful in developing this.

Senator CHURCH. You mean, of our program?

Mr. BROWN. Yes; our program has been designed in part to accomplish that.

Senator CHURCH. In part to improve the image of the police?

Mr. BROWN. Yes, sir. To assist the Government of Brazil, or the police there, to do this.

Senator CHURCH. Then, we must have felt there was a need for improving the image of the police or we are wasting our money and our time organizing programs that are designed for that purpose.

Mr. BROWN. Well, I think in any police organization there is a constant need to improve their image, and I believe that this not necessarily just to improve their image as it is to gain the confidence and the support of people, because without the support of the people the police cannot cope with these problems on their own.

Senator CHURCH. Well, do you think they lacked the confidence and the support of their people so that these programs had, therefore, been necessary?

Mr. BROWN. Not entirely, but I believe this type of program is most helpful to them, and that they are increasing their efforts in this direction.

Senator CHURCH. All right, Mr. Holt.

Senator Pell wanted to ask a question.

USE OF TORTURE

Senator PELL. I just had a very brief question or two and I was interested in this problem. One of the problems, the dangers, is in interrogation and I have been as interested as any because of the increased violation of rights of prisoners. I see signs of this starting to happen in Brazil and I was wondering about the reason. Is it a correct statement to say that without the use of physical torture, do you find that the same information can be derived as is obtained by physical means? In other words, from the viewpoint of efficiency is torture necessary for the securing of information?

Mr. BROWN. Certainly not.

Senator PELL. Right. This has been the experience in the Communist countries. They were very brutal—I used to be stationed there a number of years ago. They do not go in for it now and seem to achieve the same results.

The thing that arouses me and arouses American public opinion a good deal, is this use of physical torture. Why is it the Brazilians, who are intelligent people, use torture—I am not saying with your approval or support—but why do they use torture as a police method when it will alienate their friends and allies around the world?

Mr. BROWN. Well, first of all, I wish to state that I answered a question previously to Senator Church that I am not personally aware of this torture.

Senator PELL. Please be brief in your answer. Can't we accept the premise that physical torture does occur on frequent occasions in Brazilian jails?

Mr. BROWN. Why certain people do things, that is a difficult question for me to answer, sir.

Senator PELL. I realize that.

Mr. BROWN. Why do some people beat their wives, these things why do they occur, it is difficult for me to answer.

Senator PELL. But would not a strong statement of condemnation from our Government and from your mission, have perhaps an inhibiting effect on them? Certainly world public opinion has affected the Greek regime, you will agree to that.

Mr. BROWN. I do not believe, Senator, I am qualified to answer that.

Senator PELL. But from a police viewpoint, you would agree that psychological, nonphysical methods of interrogation can be just as effective as the physical, as torture?

Mr. BROWN. That is the only method that can be used. You certainly cannot use torture methods.

Senator PELL. I realize we do not but——

Mr. BROWN. The police in any free country cannot.

Senator PELL. Should not.

Mr. BROWN. Should not; that is right.

Senator PELL. That is all, thank you very much.

Mr. HOLT. Thank you.

CIVIL POLICE CONCEPTS

Mr. Brown, you mentioned that the police in Brazil have come a long way in the last 10 years toward what I believe you referred to as a civil police concept. One of the recurring themes in this evaluation report is the desirability of instilling civil police concepts in Brazil, and could you elaborate a little bit on how that has been done, as you said they have come a long way in 10 years, and how it might be continued in view of the fact that for the last 7 years anyway, the trend seems to be, from the outside anyway, toward greater military control of the police. Is there not a contradiction here some place?

Mr. BROWN. I believe not, Mr. Holt. I am talking of the image of the police, the overall operations of the police. They tend to be more civil, on the civil police side even within the short period of time that I was there, in 1967. I think there is a gradual approach to a, more of a, civil police aspect.

The fact that military police officers are—pardon me, the fact that military officers are assigned to head the various organizations is really aside from that. This is a means of providing highly trained career officers to head the administrative part. But the actual training has continued along civil police lines.

Mr. HOLT. Very well.

POLICE ASSISTANCE FROM OTHER COUNTRIES

What police assistance is Brazil receiving from countries other than the United States?

Mr. BROWN. As far as I know, it has been very limited. There have been advisers from some of the countries on communications, and some of the police have been invited to Germany and, I believe, Japan for observation tours and that type of thing. But insofar as a mission such as our program they do not have any other one.

Mr. HOLT. Anything from England?

Mr. BROWN. Yes, there have been visits scheduled to England, the invitation for officers to attend courses there.

Mr. HOLT. Could you supply for the record a more detailed statement on this question?

Mr. BROWN. Could I?

Mr. HOLT. Yes.

Mr. BROWN. Yes, sir.

(The information referred to follows:)

Foreign countries that have provided training grants to the GOB police organizations include Argentina, Chile, England, France, West Germany, Greece, Italy, and Panama.

The Inspector General of the Military Police reports that for the period 1967–1970 sixty-six officers have received this training in fields of intelligence, counter-insurgency, police dog training, fire prevention control and in general police procedures. Thirty-three of this group of Military Police officers received intelligence training in France.

Participating State and Federal Military Police organizations include those of the Federal District, the States of Goias, Guanabara, Minas Gerais, Pernambuco, Parana, Rio Grande do Sul, Sao Paulo.

Incomplete information of the Inspector General prevents the provision of more details at the present. However, they report knowledge of other State Military Police officers who have received training but records are not available.

The Federal Police Department reports a total of twenty-two officers who have received training by non-U S countries from 1964 through 1970. Twenty-one were trained in West Germany in the fields of criminalistics, intelligence, VIP security, border and highway patrol, photography and alien control. One was trained in England in the examination of questioned documents.

Mr. HOLT. Thank you.

AID'S ROLE IN INVESTIGATING CAPTAIN CHANDLER'S MURDER

You were in Brazil, I believe, at the time of the murder of Captain Chandler.

Mr. BROWN. Yes, sir.

Mr. HOLT. In Sao Paulo. What role, if any, did AID public safety play in the investigation of the murder?

Mr. BROWN. Well, the role I presume that we would say would have to do with the training that had been provided the police over the years, and across the board. As I mentioned before, utilization of equipment, and training techniques that we provided.

Mr. HOLT. For the record, let us back up a moment. Who was Captain Chandler and what were the circumstances of his death?

Mr. BROWN. Well, I do not have the full details here, sir——

Mr. HOLT. To the best of your knowledge.

Mr. BROWN (continuing). But he was an Army captain, I understand, attending training at the college in Sao Paulo, and he was targeted by terrorists and executed as he backed out of his garage, mowed down with machine gun fire.

Mr. HOLT. Was there an AID public safety adviser who worked with the Sao Paulo police in the investigation of that murder?

Mr. BROWN. Yes, sir.

Mr. HOLT. What role did he play?

Mr. BROWN. He was the public safety adviser assigned to our staff and upon orders of Ambassador Tuthill, was assigned to the Embassy and he worked with the Embassy people and went to Sao Paulo in an attempt to obtain information as quickly as possible concerning reports of the progress that had been made. Ambassador Tuthill was greatly concerned, an American citizen had been murdered, and he was anxious to get the details as soon as possible. The adviser reported directly to the Embassy during that period of time and was on detail to them. He was not part of our operation.

Mr. HOLT. How long was that period of time?

Mr. BROWN. About 3 months.

Mr. HOLT. About 3 months.

Was anybody ever charged in connection with that murder?

Mr. BROWN. Yes.

Mr. HOLT. Tried?

Mr. BROWN. Yes.

Mr. HOLT. Convicted?

Mr. BROWN. I am not sure of the full details in that matter and I would prefer to provide you with the information, Mr. Holt, if you would allow it.

Mr. HOLT. If you could, we would like it for the record. And include in it, if you would, a statement of whether or not any suspects or anybody who had been interrogated in connection with the murder were themselves later murdered.

(The information referred to follows:)

On October 12, 1968, Captain Charles Rodney Chandler, United States Army, was machine gunned to death in the driveway of his home before the eyes of his nine year old son and his wife in Sao Paulo, Brazil.

On or about November 6, 1968, U.S. Ambassador John Wills Tuthill ordered the USAID Mission Director to have the Chief Public Safety Officer assign his deputy to the Chandler case as his (Ambassador's) representative. The Deputy Chief Public Safety Officer (DCPSO) was detached from his regular duties and assigned as the Ambassador's representative to work with the police charged with the investigation to report on police progress, obtain and study investigative reports and advise the police where necessary to insure that a complete professional investigation was made and keep the Ambassador informed.

The DCPSO proceeded to the City of Sao Paulo and after consulting with the U.S. Consul General met with the Brazilian Secretary of Public Safety for the State of Sao Paulo. After explaining his mission he was promised full cooperation The DCPSO then travelled to Brasilia, where in the company of the U.S. Embassy's principal officer in Brasilia, he met with the Director General of the Federal Police. The Director General also promised full cooperation in their investigation into the Chandler case.

The DCPSO returned to the City of Sao Paulo and thereafter maintained daily contact with the State and Federal Police agencies responsible for the Chandler investigation, reviewed police reports and offered advice to the police in addition to reporting daily police progress to the U.S. Embassy The DCPSO remained in this assignment until February 8, 1969 when he was transferred to Washington on a rotation assignment.

As a result of the police investigation, eight persons were identified as principally involved in Chandler's murder. They provided the following information:

1. Carlos Marighella—previous communist party deputy, author of the "Minimanual for the Urban Guerrilla;" referred to as the "intellectual author" of Chandler's murder;—killed in gunfight resisting arrest on November 1969.

2. Marcos Antonio Braz de Carvalho—identified as one of Chandler's murderers.—killed in police gunfight resisting arrest in January 1969.

3. Diogenes Jose Carvalho de Oliveira—confessed murderer of Chandler—arrested March 1969. Exchanged for Japanese Consul, March 1970.

4. Pedro Loho de Oliveira—driver of murderer's vehicle—arrested January 1969. Exchanged for German Ambassador, June 1970. Returned to Brazil and killed by Brazilian authorities in January 1971 while resisting arrest.

5 Dulce De Souza—confessed involvement in planning and surveillance of Chandler—arrested January 1969 and exchanged for German Ambassador, June 1970.

6. Onofre Pinto—started "Revolutionary Tribunal" mentioned in pamphlets left at scene of Chandler murder—arrested March 1969 and exchanged for U.S. Ambassador, September 1969.

7. Joao Carlos Kfouri Quartim de Moraes—member of "Revolutionary Tribunal"—fled country, believed to be in France.

8. Ladislau Dowbar—member of "Revolutionary Tribunal"—arrested and exchanged for German Ambassador, June 1970.

OPERATIONS BANDEIRANTES AND BIRDCAGE

Mr. HOLT. What is Operation Bandeirantes?

Mr. BROWN. I have heard that expression and it slips my mind right at the moment what it is.

Mr. HOLT. Could you supply a statement for the record on that including the relationship, if any, between Operation Bandeirantes and AID public safety?

Mr. BROWN. Yes, sir.

(The information referred to follows:)

Operação Bandeirantes was established in São Paulo in mid-1969 as a pilot project to coordinate military and police efforts to combat terrorist activities. The various security agencies represented in *Operação Bandeirantes* include representatives of the local Army, Air Force and Navy intelligence sections and of the local state and federal police organizations. The coordinator is the Army intelligence representative in São Paulo.

The formation of the OB was in response to the intense level of terrorist activities during 1968 and early 1969, including bombings of military installations and robberies. The then commander of the São Paulo based Second Army felt that this situation required better coordination among the various intelligence and police agencies concerned with subversion.

During late 1969 and 1970 the OB concept was extended in the form of *Centros do Operaçoes de Defesa Interna* (CODI-Internal Defense Operation Centers) to other major Brazilian cities. The CODI centers are under the coordination of the local Army intelligence representative.

In practice the operation of the São Paulo based OB and the more recent CODI centers varies from area to area. In São Paulo and Rio de Janeiro the organizations maintain what, in effect, are their own staffs capable of conducting autonomous anti-subversive investigations. Elsewhere the centers are frequently limited coordination offices where information and plans are periodically exchanged among the various separate investigative agencies. Primary responsibility among the various OB and CODI-member agencies for staffing and conducting investigations also tend to vary from area to area.

The Public Safety program had no relationship to this Brazilian activity.

Mr. HOLT. What was Operation Birdcage?

Mr. BROWN. It certainly was not any part of the public safety program, sir. It is foreign to me.

BRAZILIANS MORE INTERESTED IN U.S. TRAINING OR EQUIPMENT?

Mr. HOLT. Is it your impression that Brazilians, Brazilian police, are more interested in U.S. training or U.S. equipment?

Mr. BROWN. They are more interested in U.S. training.

Mr. HOLT. They are?

Mr. BROWN. Yes, sir.

Mr. HOLT. What do you base that impression on?

Mr. BROWN. I base it on their eagerness to participate in the training programs both in Brazil and in the United States, they are dedicated officers, and they have a real desire to improve their capabilities.

Mr. HOLT. You are talking now about those who personally want to be trained in the United States.

Mr. BROWN. I believe that is what your—the way you phrased the question, I am not sure. Certainly, they are interested in equipment. I believe your question being which are they most interested in?

Mr. HOLT. Yes.

Mr. BROWN. I would say training.

Mr. HOLT. You said training and then you referred to the eagerness that individual officers have to be trained in the United States. I was

referring to the attitudes in general of the Brazilian police commanders with whom you would work and come in contact. Would they be more interested in sending X number of their policemen to the United States for training or would they be more interested in getting additional jeeps or patrol cars or radios or that kind of thing?

Mr. BROWN. Well, it is my judgment, Mr. Holt, they are interested in both. Certainly, they are interested in equipment but they are equally interested in the training, and during my administration it was never put up to them that way, "Which would you rather have"? So, I cannot really, it is difficult for me to answer the question. I can only say that they are interested in both.

Mr. HOLT. Can you distinguish between their interest in training in the United States and their interest in training in Brazil? Are they more eager to come to the United States?

Mr. BROWN. As individuals, yes, sir. But as, insofar as the administration is concerned, the Federal police, they are more interested in developing their own facilities.

RESTRAINTS PUT ON POLICE

Mr. HOLT. What political or judicial restraint, if any, do the Brazilian police work under?

Mr. BROWN. What, if any——

Mr. HOLT. Political or judicial restraints.

Mr. BROWN. I would not say that they work under any particular political restraint or judicial restraint. They perform their duties, insofar as I know, and carry out their assigned tasks without undue restraint that I know of.

Mr. HOLT. So, in effect, they are an unrestrained force within the country?

Mr. BROWN. I would not say that.

Mr. HOLT. Then, what are the restraints that are put upon them?

Mr. BROWN. Well, they operate within the law. They only enforce the law of the land.

Mr. HOLT. Who makes the law?

Mr. BROWN. The Government, the people.

Senator CHURCH. What do the people have to do with the making of the law in Brazil?

Mr. BROWN. Sir?

Senator CHURCH. What do the people have to do with making of the law in Brazil nowadays?

Mr. BROWN. Well, they have——

Senator CHURCH. Have they elected the Government?

Mr. BROWN. Yes, sir; they legislate laws.

Senator CHURCH. It is your opinion that the people of Brazil have elected the present Government?

Mr. BROWN. It is not as it has been perhaps, but the laws that the police are enforcing are mainly those that have been made over a long period of years.

INSTITUTIONAL ACT NO. 5

Mr. HOLT. Would you describe Institutional Act No. 5 as one of the principal laws affecting police operations at this time?

Mr. BROWN. I would say so, yes, sir.

Mr. HOLT. And what was the origin of Institutional Act No. 5?

Mr. BROWN. It was a decree established by the Government, the President.

Mr. HOLT. By the President?

Mr. BROWN. Yes, sir.

Senator CHURCH. Was the President chosen by the people?

Mr. BROWN. Not by vote, no, sir.

Senator CHURCH. No.

Mr. HOLT. For the benefit of the record, could you summarize some of the more important provisions of Institutional Act No. 5?

Mr. BROWN. The most important one is, that which affected our own operations, had to do with the reorganization of the military police, and the placing, better coordinated training activities and in many ways improved the operations of the State police or the military police which are the State police. Aside from that insofar as our program is concerned, the police work is concerned, it was not a great difference. The police have carried on their functions as they have in the past.

Mr. HOLT. Did it affect the right of habeas corpus?

Mr. BROWN. Yes, sir, that has to do with the courts. I am saying so far as the police work per se. Habeas corpus had to do with the courts.

Mr. HOLT. It would also be a removal of a judicial restraint upon the police, would it not?

Mr. BROWN. Well, the police are only empowered to effect an arrest for a crime committed or attempted in their presence, or for a crime they know has been committed and they feel the person has committed, that part of it insofar as it pertains to the police work. But the courts, we do not work with the courts and I am not in very good position to answer that.

DEATH SQUADS

Senator CHURCH. Mr. Brown, you are in position to tell us about the death squads in Brazil, are you not? Do you know about them?

Mr. BROWN. I have heard about them, sir.

Senator CHURCH. What have you heard about them?

Mr. BROWN. I have read numerous articles in the papers in Brazil, and I have read our own official reports.

Senator CHURCH. What are these death squads, based upon what you have read and what you know, engaged in doing in Brazil?

Mr. BROWN. Well, it is alleged that they are a group of irresponsible police that has taken the law into their own hands, so to speak, and felt that it was their duty to take direct action and not bother about recourse to the courts.

Senator CHURCH. You mean by that, they simply move in and seize Brazilian citizens and deal with them in whatever way they choose, is that what they are doing?

Mr. BROWN. I am not saying that they do. I am saying it was alleged, that I have read of these things. If or not they have actually done these things, I am not certain. But it has been alleged that they do.

Senator CHURCH. In fact, it is common talk in Brazil, is it not?

Mr. BROWN. Yes, sir, there has been much newspaper publicity on the subject.

Senator CHURCH. What action has been taken by the Brazilian police or by the Government to deal with these death squads?

Mr. BROWN. There have been investigations made and are being made. The federal police have been directed to make investigations in these matters and they are continuing to pursue this.

Senator CHURCH. Does the activity continue according to common talk, I mean as of now, is this activity still going on?

Mr. BROWN. At the time I left, we were not reading as much about it, and it did decline in number of these instances. I might add, sir, in discussions with the police they have maintained that many of the incidents that were blamed on the police had to do with different factions warring among themselves and leaving this cross which indicated it would be the death squad. So all of the reports that we saw in the papers that might be claimed were police they maintain it was other factions, gang warfare like we one time had in Chicago.

Senator CHURCH. Go ahead, Mr. Holt.

TEXT OF INSTITUTIONAL ACT NO. 5

Mr. HOLT. I would like to go back to Institutional Act No. 5 for a moment. Was another of its provisions the abolition of Congress, the suspension of Congress?

Mr. BROWN. Yes.

Mr. HOLT. Could you supply, I suppose it more appropriately comes from Mr. Dean, a copy of the text of Institutional Act No. 5 for the committee?

Mr. DEAN. Yes, sir.

Mr. HOLT. Which I think it would be well, Mr. Chairman, to put in the record.

Senator CHURCH. Yes, indeed, it will be placed in an appropriate place in the record.

(The document referred to follows:)

Article 1. The Constitution of January 1967 and the State Constitutions, with the changes contained in this act, remain in force.

Article 2. The President of the Republic may decree recess of the National Congress, the state assemblies and the municipal chambers through complementary edicts whether or not a state of siege is in force. They will be called into session again only by the President of the Republic.

Paragraph 1. Until the Congress begins operating again, the executive power may legislate on all matters set forth in the constitutions or laws of the municipalities.

Paragraph 2. During the recess, Senators, Deputies and Councilmen will receive only their basic salaries.

Paragraph 3. In case of the recess of municipal chambers, the financial and budgetary inspection of municipalities which do not have auditing agencies (Tribunais de Contas) will be exercised by the auditing agency of the respective state. Its action will extend to auditing functions and to the judgment of accounts of administrators and other persons responsible for public properties and valuables.

Article 3. The President of the Republic in the national interest may decree intervention in the states and municipalities without the limitations set forth in the constitution.

Sole Paragraph. The interventors in the states and municipalities will be appointed by the President of the Republic and will exercise all functions and duties which are the respective responsibility of the Governors or Mayors and will enjoy all privileges, salaries and benefits fixed by law.

Article 4. In the interest of preserving the revolution, the President of the Republic after consultation with the National Security Council and without the limitations established in the constitution will be able to suspend the political rights of any citizen for ten years, and to cassate federal, state or municipal elective mandates.

Sole Paragraph. Federal, state and municipal legislative members whose mandates are cassated will not be replaced and the parliamentary quorum will be adjusted in accord with the number of places effectively filled.

Article 5. The suspension of political rights based on this act will simultaneously: (1) terminate the right of special hearing for certain privileged officials (Foro Privilegeado); (2) suspend the right to vote and to be a candidate in labor union elections; (3) prohibit activity or manifestation of a political nature; (4) apply when necessary the following security measures: (a) freedom under surveillance; (b) prohibition against visiting certain places, (c) designation of place of residence.

Paragraph 1. The Act which determines the suspension of political rights may establish restrictions or prohibitions related to the exercise of any other public or private rights.

Paragraph 2. The security measures dealt with in item 4 of this article will be applied by the Minister of Justice and excluded from review by the judicial authority.

Article 6. The following constitutional or legal quarantees are suspended (a) life tenure, (b) fixed place of employment, (c) job tenure, plus the exercise of functions for fixed periods.

Paragraph 1. The President of the Republic may by decree dismiss, remove, retire, or place on call any holders of the guarantees referred to in this article as well as employees of autonomous entities, of public enterprises or of mixed public and private organizations, and he may dismiss or transfer to the reserve, or retire, members of the armed forces or the military police. He may also guarantee, when appropriate, the salaries and other advantages which are due them according to their time in service.

Paragraph 2. The provision of this article and its first paragraph applies also in states, municipalities, the federal district and the terrorities.

Article 7. The President of the Republic in any of the cases set forth in the Constitution may decree or extend a state of siege and fix the period it will be in force.

Sole Paragraph. In case the national congress is recessed, the requirement of paragraph 1, Article 153 of the Constitution is dispensed with.

Article 8. The President of the Republic, afer investigation, may decree confiscation of property of any persons who have illegally enriched themselves while exercising public office including autonomous entities, public enterprises or mixed public and private organizations without waiving any penal sanctions which may also be applicable.

Sole Paragraph. If the properties are proven to be legitimately acquired, they will be returned.

Article 9. The President of the Republic may issue complementary edicts for the execution of this institutional act as well as adopt, if necessary for the defense of the revolution, the measures established in items (d) and (e) of paragraph 2 of Article 152 of the Constitution.

Article 10. The guarantee of habeas corpus is suspended in cases of political crimes against the national security, the social and economic order and the consumer economy.

Article 11. All activities carried out in accordance with this act, its complementary acts and its respective effects are excluded from judicial review.

Article 12. The present institutional act goes into effect on this date and all provisions to the contrary are hereby revoked. Brasilia, December 13, 1968 signed by the President of the Republic and all Ministers of State.

* * * * * * *

Articles 152 and 153 of the Brazilian Constitution are as follows:

CHAPTER V—THE STATE OF SIEGE

Article 152. The president of the republic may decree a state of siege in case of:

I. Serious disturbance of order or threat of the outbreak of such disturbance;

II. War.

Paragraph 1. The decree of a state of siege shall specify the regions it is to cover, shall name the persons responsible for its execution, and shall indicate the standards that are to be observed.

Paragraph 2. A state of siege authorizes the following coercive measures:

a. Obligation to reside in a certain place;

b. Detention in buildings not intended for persons convicted of common crimes;

c. Search of and arrest in the home;

d. Suspension of freedom of assembly and of association;

e. Censure of correspondence, printing, telecommunications, and public amusements;

f. Use of temporary occupation of property of an autonomous entity, public enterprise, mixed-capital company, or holder of a concession for public services, as well as suspension of the exercise of a post, function, or employment in such an entity.

Paragraph 3. In order to preserve the integrity and the independence of the country, the free functioning of the powers, and the operation of the institutions, when these are seriously threatened by elements of subversion or corruption, the president of the republic, having heard the National Security Council, may take other measures provided for by law.

Article 153. Except in the event of war, the duration of a state of siege shall not exceed sixty days, but it may be extended for an equal period.

Paragraph 1. In any case, the president of the republic shall submit his act to the National Congress, accompanied by a justification, within five days.

Paragraph 2. If the National Congress is not in session, it shall be convoked immediately by the president of the federal Senate.

Mr. HOLT. I just have a couple of more questions to be sure the record is clear on a couple of points.

RELATION OF BRAZILIAN ARMED FORCES TO POLICE

In terms of control and direction, is there any real distinction which can be made at this time between the Brazilian armed forces and the Brazilian police?

Mr. BROWN. Distinction?

Mr. HOLT. Yes.

Mr. BROWN. Yes, sir; the police are directed by the Ministry of Justice, and do not come under the same direction as the military.

Mr. HOLT. Who directs the Minister of Justice?

Mr. BROWN. Who directs him?

Mr. HOLT. Yes.

Mr. BROWN. The President of the country.

Mr. HOLT. And who is he?

Mr. BROWN. President Medici.

Mr. HOLT. And what was he before he became President of the country?

Mr. BROWN. He was military.

Mr. HOLT. Let me put it another way. Do you have any example from your experience in Brazil in which the police have done anything which was inconsistent with the general policy of the armed forces?

Mr. BROWN. Pardon me, would you repeat that, which was contrary to what?

Mr. HOLT. The general policy of the armed forces.

Mr. BROWN. I do not know of any such particular incident, no, sir, any case where they have done anything contrary to it.

Mr. HOLT. What I am trying to get at is where the ultimate control of Brazilian society lies at this point in time, and of agencies of the Brazilian Government.

Mr. BROWN. Well, from my own knowledge, it stems from the President down, through the Ministries, through the various heads of agen-

cies, which would be in my case through the Minister of Justice down to the director of the Federal police.

Mr. HOLT. Would you say this is generally exercised by the armed forces or not?

Mr. BROWN. Not to my knowledge. It is through the Minister of Justice.

Mr. HOLT. It is not. You want to leave the record then to show that the Minister of Justice and the police in Brazil operate independently of the armed forces?

Mr. BROWN. May I take one moment to find something I have here. The decree reorganizes the Justice Ministry and charges them with establishing Federal policy. Among the duties of the Ministry of Justice is the one of organizing and maintaining the Federal police in order to throughout the national territory carry out the services of maritime aerial and border police; repress the traffic of narcotics, smuggling, and illegal deviation of imported goods; clearup penal illegalities against the national security, the political, social, and moral order or which affects assets, services in the interest of the Union; prevent and clearup penal infractions which causes repercussion in more than one state, thus requiring centralized and uniformed handling, and execute the service of censorship and public interstate activities.

Those are the responsibilities, as I read it, of the Ministry of Justice and, as I said, it includes the police.

Mr. HOLT. And he carries out these responsibilities independently of the armed forces?

Mr. BROWN. Insofar as I know, sir.

Mr. HOLT. All right.

NO U.S. TRAINED POLICEMEN CONNECTED WITH DEATH SQUADS

One last question for the sake of clarifying the record. Is there any evidence, do you have any evidence, that any Brazilian who has been trained through AID public safety as a Brazilian policeman has been connected in any way with torture or with death squads?

Mr. BROWN. No, sir; not to my knowledge.

Mr. HOLT. That is all I have, Mr. Chairman.

MILITARY CONTROLLED GOVERNMENT

Senator CHURCH. Well, Mr. Brown, you have testified that in Brazil today the authority comes from the top down and, of course, it is generally known that the authority at the top is military in character, this is a military government is it not, in Brazil? By nodding your head you said, yes.

Mr. BROWN. Yes, sir.

Senator CHURCH. Are there any problems peculiar to operating a public safety program in a country under military control?

Mr. BROWN. We have not experienced problems, Mr. Chairman. The work has been, as I have mentioned earlier, at the civil police level. The professional police remain in the ranks. The heads that are appointed, the change in administration being military people in the most cases, are more on the administrative side. In the liaison

with the Government our work has been at the level of the civil police, and I have not had difficulty. The Director General of the Federal police, even though he is a regular military officer, has been most anxious that we work with and assist in improving the capabilities of the Federal police to do these things that I have tried to outline.

Senator CHURCH. Now, that is a job that could go on and on, could it not?

Mr. BROWN. Well, it could but our program is——

TERMINATION OF PUBLIC SAFETY PROGRAM

Senator CHURCH. You could not envision a time when this kind of instruction and the provision of instructional equipment and that kind of thing would no longer be needed by the Brazilian police, could you?

Mr. BROWN. Oh, on the contrary, yes; I think they are nearing that point now.

Senator CHURCH. Are you in agreement that the program should be terminated by the end of fiscal year 1972?

Mr. BROWN. The program is indeed scheduled to be terminated then.

Senator CHURCH. And you feel that it should be.

Mr. BROWN. I feel that the police, yes, are ready to pick up the task that we have had.

Senator CHURCH. Carry on without us?

Mr. BROWN. Yes, sir.

Senator CHURCH. I think I have no further questions.

Mr. HOLT. There was one I overlooked, if I may, Mr. Chairman.

SELECTION OF ACADEMY PARTICIPANTS

Mr. Brown, in the statement you gave us earlier, you emphasized that in recent years the public safety program in Brazil has concentrated on the Federal police. I have here a copy of the program of the graduation ceremony of the most recent class at the International Police Academy here in Washington. In this class there were 16 Brazilian students but only one came from the Federal police. Why would that be if we are concentrating upon the Federal police?

Mr. BROWN. Well, since the inception of the program we have worked throughout the various states, and selected qualified officers to attend training, and although we terminated the program in the 15 states and the Federal District, we have continued to send selected officers from those states. This is a separate thing from our project agreement in working with the Federal police. Our entire thrust now is working with the Federal police, but the selection of participants has been and continues to be nationwide, the reason being that this ties in with the overall program because the instructors at the academy are not all Federal police personnel. They utilize the services of former graduates in some cases or of key officers from the different states, and this brings about more cooperation. It is not just a staff of Federal police officers who are teaching. They are selected from various states. Therefore, training here in, at, the academy is helpful. Those officers go back and assist in the training in their state, yes, but they also

on occasion are invited to attend in the training as instructors at the Federal Police Academy.

Mr. HOLT. Is it contemplated that Brazilians will continue to be trained at the International Police Academy here after the termination of the public safety program in Brazil?

Mr. BROWN. I am not qualified to answer that, sir.

Mr. HOLT. OK, thank you very much.

Senator CHURCH. Mr. Brown, thank you for your testimony. We kept you on nearly all morning and it has been a long session for you, and we appreciate your answers to our questions very much.

Mr. BROWN. Thank you, sir.

Senator CHURCH. I think we will go over until 2 o'clock this afternoon.

(Whereupon, at 12:25 p.m., the hearing was recessed, to reconvene at 2 p.m., this day.)

AFTERNOON SESSION

Present: Senators Church, Sparkman, Pell, Spong, and Aiken.

Senator CHURCH. The meeting will come to order. General Beatty, we are pleased to welcome you this afternoon. I would invite you to proceed with your statement.

SWEARING IN OF WITNESS

First of all, I will ask you to stand and be sworn, if you will, please.

Do you swear to tell the truth, the whole truth and nothing but the truth, so help you God.

General BEATTY. I do.

Senator CHURCH. The record will show at this afternoon's hearing the same people are in attendance who have identified themselves this morning.

General, if you would like to proceed with your statement.

TESTIMONY OF MAJ. GEN. GEORGE S. BEATTY, CHAIRMAN U.S. DELEGATION, JOINT BRAZIL-UNITED STATES MILITARY COMMISSION

General BEATTY. Thank you, Mr. Chairman.

UNITED STATES-BRAZILIAN MILITARY RELATIONSHIP

It is a pleasure and privilege for me to be here to discuss the military relationship between Brazil and the United States. The history of Brazil-United States military relationships dates from 1922, when a U.S. naval mission was sent to Brazil at the request of the Brazilian Government. Army and Air Force missions were requested and sent during the 1930's. During World War II the Joint Brazilian-United States Military Commission (JBUSMC) was established by agreement between the two countries for the purpose of closely coordinating common military interests and activities. U.S. representation in the Commission was composed of the personnel of the Army, Navy, and Air Force training missions already in Brazil.

During World War II, United States use of Brazilian air bases, air routes, and coastal ports and facilities; and provisions of the 20,000-

to 30,000-man Brazilian Army Expeditionary Force and the Air Force group that served in Italy; and the cooperative Navy patrol activities in the South Atlantic were all greatly facilitated by close collaboration between the United States and Brazilian delegations to the Commission. As the result of wartime and post-war collaboration, U.S. concepts of hemispheric defense were adopted as the basis for common defense planning, and standardization of equipment.

In 1954, the United States proposed an exchange of notes, on an unclassified basis, which would reaffirm the JBUSMC as the principal agency in Brazil for military collaboration between the two countries and would permit its registry with the United Nations as an international agency. The notes were exchanged in September 1955, and thereafter the U.S. Joint Chiefs of Staff (JCS) and the Armed Forces General Staff of Brazil (EMFA) announced a coordinated and jointly approved "statement of the composition, objectives and functions of the Commission" that has since served as its terms of reference.

A military assistance agreement was concluded with Brazil in 1952. A military assistance advisory group (MAAG) offered by the United States was refused by the Brazilian authorities who preferred that these functions be performed by the JBUSMC. Accordingly, the Department of Defense approved the JCS recommendation that the provisions of the military assistance agreement be carried out for the United States by the U.S. delegation, JBUSMC. All matters of military cooperation, including the military assistance and foreign military sales, except attaché matters, have since then been under the direction of the chief of the U.S. delegation, JBUSMC, who, under the guidance of the chief of the diplomatic mission, is responsible through the commander in chief, U.S. Southern Command (UNCINCSO) to the JCS for U.S. military cooperative activities in Brazil. Although the U.S. delegation, JBUSMC, is sometimes referred to in U.S. administrative publications as MAAG, Brazil, and was more recently designated by U.S. commander in chief, Southern Command as U.S. Military Group Brazil, the Brazilian authorities officially recognize only the JBUSMC. Texts of agreement between the two countries are attached as enclosure 1. (See page 56.)

The JBUSMC is headed by a Brazilian four-star general and as an international entity is, organizationally, under the President of the Republic. The head of JBUSMC also heads the Brazilian delegation which is subordinate to EMFA and is composed of general and flag officers and technical advisors from each of the armed services. The head of the joint commission and the chief of the U.S. delegation share office space in a Brazilian Government building in Rio de Janeiro.

The commission does not conduct frequent formal or plenary meetings; however, cooperation and coordination between the senior U.S. and Brazilian members and their respective staffs is carried out on a daily basis.

The organization constitutes a ready, available, and receptive forum at all levels of the Brazilian Armed Forces for dialog concerning matters of joint interest and has, over the years, contributed to the understanding and friendship toward the United States on the part of a large number of Brazilian officers ranging today from young staff officers to senior army commanders and cabinet ministers.

PRESENT U.S. MILITARY REPRESENTATION IN BRAZIL

U.S. military representation in Brazil at the present time consists of JBUSMC, representation from the Inter-American Geodetic Survey, the Navy Communications Technical Group Rio, a representative of the Defense Research Office Latin America, and a liaison detachment from the Military Airlift Command. JBUSMC is composed of a small headquarters group which includes a liaison officer to the Brazilian National War College and Army, Navy, and Air Force sections of approximately equal size. A list of the members of JBUSMC and their duty assignments is attached at enclosure 2 (see page 82.) The mission of JBUSMC has evolved through the years and is currently described by the JCS approved terms of reference and a CINCSO regulation, copies of which are attached at enclosures 3 and 4. (See pages 83 and 84.) Briefly stated, the mission of the U.S. delegation to JBUSMC is to assist, as part of the U.S. country team in Brazil, in achieving U.S. policy objectives. As was stated earlier, the chairman and headquarters staff of the U.S. delegation, JBUSMC, are co-located with the Brazilian delegation in a Brazilian Government building in Rio de Janeiro. The Army, Navy and Air Force sections of JBUSMC are physically located in their respective Brazilian ministry buildings.

This provides daily contact with Brazilian counterparts at all levels from action officer to Cabinet minister. The atmosphere has been and is today one of friendly cooperation and mutual respect in dealing with whatever matters may arise.

The Inter-American Geodetic Survey is a small U.S. group stationed in Brazil to provide support in the production of geographic, cartographic, and geophysical information and topographic maps on Brazil. The group works in collaboration with a number of Brazilian civilian and military organizations.

It is contemplated that this unit will continue its work with the four military and six civilian spaces currently authorized.

The Navy Communications Technical Group Rio is an activity of the U.S. Naval Communications Command operating as a division of the Brazilian naval radio station, Rio de Janeiro. This installation provides essential communications to U.S. Navy ships transiting the South Atlantic around Cape Horn and the Cape of Good Hope. This support cannot be provided from any other currently existing facility. The mission of the Naval Communications Technical Group Rio is to provide technical training and operational assistance to the Brazilian Navy in order to make possible the communicational assistance of the Brazilian naval communications system to the U.S. Navy, other U.S. governmental agencies and the Brazilian Navy between Rio and Washington, D.C. The U.S. personnel consist of two officers and 20 enlisted men.

The Defense Research Office Latin America was established in 1962 in Rio de Janeiro and was constituted of Army and Air Force elements until May 1970 when the Air Force ceased to participate. The present staff is one civilian and one locally hired secretary. The mission of this office is to serve as a contact point for South American scientists and research agencies for receiving and evaluating research proposals pertinent to R. & D. missions of the United States; arrange for negotiating or executing grants for promoting research proposals received;

provide defense representation as appropriate at scientific meetings which are related to the R. & D. program.

The Military Airlift Command liaison detachment consists of one officer and one enlisted man who facilitate the arrival, maintenance, loading, and dispatch of military aircraft transiting Rio de Janeiro. It is expected that a detachment of this type will be required as long as MAC flights are scheduled through Rio.

TRAINING PRIMARY FORM OF CURRENT MAP

The military assistance program in Brazil has evolved through the years as indicated on enclosure 5 (see page 84) from a fairly large program of training only. Numbers of personnel trained and principal courses provided since 1964 are shown at enclosure 6. (See page 85.) There has been no grant material aid programed since fiscal year 1968. The current military assistance program consists of $906,000 and the fiscal year 1972 program is proposed to be $892,000. Since training is our primary form of assistance at this time, it would be well to understand the manner in which persons trained are selected and approved for training. Competition within the Brazilian Armed Forces for U.S. training is intense, and the high qualifications of the Brazilian military students are reflected in the academic achievements reported by U.S. training facilities. United States and Brazilian representatives fully discuss the desires and needs of the host service for the priority areas in which MAP training might be utilized.

Appropriate qualifications as indicated by the U.S. schools involved are used by the host service in the selection of the individual. The final selection is made on the basis of best qualified and includes English language proficiency, previous academic grades, and professional capability. All selections are given final approval by the minister of the service concerned.

For courses of less than 6 months, the candidate is required to pass an English language test as a condition for selection. For courses in excess of 6 months, the candidate undergoes intensive language instruction provided by the Brazilian military services and must be able to reach a high level of competence prior to selection. U.S. advisers obtain and provide orientation material for the trainees as to U.S. norms and customs. Student orientation is accomplished also by the U.S. training facility, which is provided MAP funds for the purpose of group visits to appropriate areas of interest, for example, visits to Congress, a university, et cetera.

Records are maintained on trainees for a 3-year follow-on period. These records indicate the utilization of the training or schooling provided the trainee. In addition, U.S. advisers during visits to educational or training facilities keep in contact with former trainees not only to view the utilization made by the host Government but to get their reactions to the courses and their exposure to the U.S. way of life. To the extent feasible, U.S. trainees are brought into U.S. social gatherings and receptions in Brazil to maintain their interest and orientation.

The technical training helps to provide technicians with advanced training in skills and at levels for which Brazil does not yet have training facilities, or in specialties for which training facilites would be uneconomical. Professional training provides updating of teaching

techniques and curriculum for armed forces professional schools and keeps services abreast of modern management and operational concepts.

Orientation visits provide a unique opportunity to acquaint selected groups of current and future leaders with U.S. culture, technology, and government. To the staff and command schools, these visits mean knowledge of the United States at a formulative time of the officers' development. To the high-level civilians and military of the War College, orientation visits furnish a broad insight of the United States at a time when the national and international interests of their country are under discussion and review.

The magnitude, extent, and costs of the U.S. defense effort are brought dramatically to their attention during visits to defense installations. Their recognition of this magnitude has been very influential in persuading the Brazilians that the U.S. strategic capabilities enable them to keep their military equipment procurement primarily limited to their needs for internal security and defense of contiguous maritime communications.

Given the scholastic atmosphere under which this training is conducted and these visits are made and the ensuing discussions, debates, and comparisons which follow on their return to Brazil, it is probable that the participant's U.S. experience will increase his understanding and friendship toward the United States in carrying out military and civic responsibilities. I mention civic responsibilities since the Brazilian Armed Forces have had an important and traditional role not only in civic action projects of a socioeconomic nature but also in technical and managerial positions in Government-run entities. For a number of years running through several Brazilian administrations, there have been approximately 1,000 positions in the Government at Federal, regional, State, and local levels occupied by military men on a detached, reserve, or retired status. It seems likely that this situation will continue for the foreseeable future.

U.S. training and orientation visits provided by the military assistance program bring the officers into contact with a broad cross section of U.S. areas of development. In addition, therefore, to enhancing the officer's personal, professional, or technical abilities, his knowledge and friendship for the United States could serve also as a stimulant to his aspirations for similar Brazilian development in areas of his particular interest and competence.

BRAZIL'S INTERNATIONAL PEACEKEEPING EFFORTS

As the only South American ally during World War I and the only South American country to provide substantial forces to the Allied cause in World War II, Brazil has consistently alined herself defensively with the United States. Brazil responded promptly in the Dominican Republic situation, and was one of two South American countries to provide substantial forces. Active participation in the U.N. peacekeeping missions in Suez and the Congo have also demonstrated Brazilian Armed Forces' interest in and acceptance of Brazil's international responsibilities. Of all the countries in the hemisphere, Brazil has been the most consistent contributor to international peacekeeping efforts and is equipped and motivated to continue these efforts.

ARMED FORCES U.S. ORIENTED

Brazil's Armed Forces have been largely U.S. oriented since World War II. This orientation is the result of close professional collaboration between United States and Brazilian Armed Forces over the years. Brazil has adopted U.S. military doctrine, tactics, and techniques and has, until recently, almost exclusively sought U.S. equipment and logistic support. U.S. Armed Forces' advisers have maintained strictly apolitical attitudes and have been closely associated with the host military at all levels of Brazilian Armed Forces' professional training and education.

It is generally believed that the Brazilian Armed Forces will continue to be a major influence in the formulation of Brazil's national policies for some years to come. In the light of Brazil's continuing importance to U.S. objectives, it is considered to be in the best interests of the United States that U.S. friendship and cooperation with the Brazilian Armed Forces is maintained.

The U.S. defense agencies in Brazil operate as integral parts of the U.S. country team and are considered to be contributing effectively to the achievement of U.S. policy objectives in that country.

This completes my presentation, sir. If you have any questions I will attempt to answer them.

Senator CHURCH. General, I am going to ask Mr. Holt to commence the questioning and then I will have some questions of my own.

General BEATTY. Sir.

Mr. HOLT. Thank you, Mr. Chairman.

I think the enclosures to the General's statement should be included in the record.

Senator CHURCH. Yes, they will be included at the appropriate place.

(The enclosures follow:)

[ENCLOSURE 1]

UNITED STATES-BRAZILIAN MILITARY AGREEMENTS[1]

1. (S) Political/Military (1942).
2. (S) Military Aviation (1944).
3. (U) Naval Mission (1942) 56 STAT. 1462.
   Extensions: (1946) 61 STAT. 2338 (1954) 5 UST 1594.
4. (U) Military Presence (1948) 62 STAT. 1957.
5. (U) Joint Group on Emergency Supply Problems (1951) 2 UST 1594.
6. (U) Military Assistance (1952) 4 UST 170—Amended: (1964) 15 UST 163; (1967) 18 UST 157.
7. (U) Mapping (1952) 3 UST 4838—Amended: (1965) 16 UST 1704.
8. (U) JBUS Military and Defense Commissions (1955) 6 UST 4103.
9. (U) Reproduction of Charts (1959).
10. (C) Radio Rio Station (1962).
11. (C) Balboa/Recife Circuit (1963).

MAY 27, 1942.

POLITICAL MILITARY AGREEMENT

BETWEEN THE UNITED STATES OF BRAZIL AND THE UNITED STATES OF AMERICA

[Deleted.]

[1] Sales agreements, vessel and equipment loan and lease agreements and expired agreements are not included.

MILITARY AVIATION AGREEMENT BETWEEN BRAZIL AND THE UNITED STATES

JUNE 14, 1944.

[Deleted].

NAVAL MISSION

AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED STATES OF AMERICA AND THE UNITED STATES OF BRAZIL

MAY 7, 1942.

In conformity with the request of the Ambassador of the United States of Brazil in Washington, D.C., to the Secretary of State, the President of the United States of America, by virtue of the authority conferred by the act of Congress (44 Stat. 565) of May 19, 1926, entitled "An Act to Authorize the President to Detail Officers and Enlisted Men of the United States Army, Navy and Marine Corps to Assist the Governments of the Latin-American Republics in Military and Naval Matters", as amended by the Act of May 14, 1935 (49 Stat. 218) to include the Commonwealth of the Philippine Islands, has authorized the appointment of officers and enlisted men to constitute a Naval Mission to the United States of Brazil under the conditions specified below.

TITLE I.

PURPOSE AND DURATION

Article 1.—The purpose of this Mission is to cooperate with the Minister of Marine of Brazil and with the Officers of the Brazilian Navy, with a view to enhancing the efficiency of the Brazilian Navy.

Article 2.—This Mission shall continue for a period of four years from the date of the signing of this agreement by the accredited representatives of the Governments of Brazil and of the United States of America, unless sooner terminated or extended as hereinafter provided. Any member may be detached by the United States Government after the expiration of two years' service, in which case another member will be furnished in replacement.

Article 3.—If the Government of Brazil should desire that the services of the Mission be extended beyond the period stipulated, a proposal to that effect shall be made in writing six months before the expiration of this agreement.

Article 4.—This agreement may be terminated prior to the expiration of the period of four years prescribed in Article 2, or prior to the expiration of the extension authorized in Article 3, in the following manner:

(*a*)—By either Government, subject to three months' notice in writing to the other Government;

(*b*)—By the recall of the entire personnel of the Mission by the United States in the public interest of the United States, without compliance with (a).

Article 5.—This agreement is subject to cancellation upon the initiative of either Brazil or the United States in case either Government becomes involved in domestic or foreign hostilities.

TITLE II.

COMPOSITION AND PERSONNEL

Article 1.—This Mission shall consist of a Chief of Mission of the rank of Captain on active service in the United States Navy and such other United States naval personnel as may subsequently be requested by the Ministry of Marine of Brazil through its authorized representative in Washington and agreed upon by the United States Navy Department.

Article 2.—United States naval personnel now serving on the Naval Mission to Brazil may continue their services in accordance with the terms of this agreement, effective from the date on which it is signed by the duly authorized representatives of the Governments of Brazil and of the United States. The service of such personnel already on duty in Brazil with the United States Naval Mission shall count as service under this agreement for all purposes the enjoyment of which or the exercise of which requires not less than two years' service with the Mission.

TITLE III

DUTIES, RANK AND PRECEDENCE

Article 1.—The personnel of the Mission shall perform such duties as may be agreed upon between the Minister of Marine of Brazil and the Chief of Mission.

Article 2.—The members of the Mission will be responsible solely to the Minister of Marine of Brazil through the Chief of Mission.

Article 3.—Each member of the Mission with the rank he holds in the United States Navy, and wear the uniform thereof, but shall take precedence over all Brazilian officers of the same rank.

Article 4.—Each member of the Mission shall be entitled to all the benefits and privileges which the Brazilian Navy Regulations provide for Brazilian naval officers and enlisted personnel of corresponding rank.

Article 5.—The personnel of the Mission shall be governed by the disciplinary regulations of the United States Navy.

TITLE IV

COMPENSATION AND PERQUISITES

Article 1.—Members of the Mission shall receive from the Government of Brazil such net annual compensation expressed in United States currency as may be agreed upon for each individual member between the Governments of the United States of America and Brazil. The said compensation shall be paid in twelve (12) equal monthly installments, each due and payable on the last day of the month. Payment may be made in Brazilian national currency and when so made shall be computed at such rate of exchange as may be agreed upon between the two Governments. Payments made outside of Brazil shall be in the national currency of the United States of America and likewise in such amounts as may be agreed upon between the two Governments. The said compensation shall not be subject to any Brazilian tax, or to tax by any political subdivision of Brazil, that is now or shall hereafter be in effect. Should there, however, at present or during the life of this agreement be any taxes that might affect the said salaries, such taxes shall be borne by the Brazilian Ministry of Marine, in order to comply with the provision stipulated above that the compensation agreed upon shall be net.

Article 2.—The compensation agreed upon in the preceding Article shall commence upon the date of departure from New York of each member of the Mission, and shall continue, following the termination of duty with the Mission, for the return voyage to New York and thereafter for the period of any accumulated leave which may be due.

Article 3.—The compensation due for the period of the return voyage and accumulated leave shall be paid a detached member prior to his departure from Brazil, and such payment shall be computed for travel via the shortest usually traveled sea route regardless of the route and method of travel elected by the said detached member.

Article 4.—Each member of the Mission and his family shall be furnished by the Government of Brazil with first class accommodations for travel, via the shortest usually traveled sea route, required and performed under this agreement, between New York and Rio de Janeiro, both for the outward and for the return voyage. The shipment of household effects, baggage, and automobile of each member of the Mission between New York and his residence in Brazil shall be made in the same manner by the Government of Brazil; this shall include all necessary expenses incident to unloading from the steamer in Brazil and packing and loading on board the steamer upon departure from Brazil. Transportation of such household effects, baggage, and automobile shall be effected in one shipment, and all subsequent shipments shall be at the expense of the respective members of the Mission except when the result of circumstances beyond their control. Payment of expenses for the transportation of families, household effects and automobiles, in the case of personnel who may join the Mission for temporary duty at the request of the Minister of Marine of Brazil, shall not be required under this agreement, but shall be determined by negotiation between the United States Navy Department and the authorized representative of the Ministry of Marine of Brazil in Washington at such time as the detail of personnel for such temporary duty may be agreed upon.

Article 5.—The Government of Brazil shall grant, upon request of the Chief of Mission, free entry for articles for the personal use of the members of the Mission and their families.

Article 6.—If the services of any member of the Mission should be terminated by action of the Government of the United States of America, except in accordance with the provisions of Title I, Article 5, prior to the completion of two years' service, the provisions of Title IV, Article 4, shall not apply to the return voyage. If the services of any member of the Mission should terminate or be terminated prior to the completion of two years' service for any other reason, including those set forth in Title I, Article 5, he shall receive from the Government of Brazil all the compensations, emoluments, and perquisites as if he had completed two years' service, but the annual salary shall terminate as provided by Title IV, Article 2. But should the Government of the United States of America detach any member for breach of discipline, no cost of the return to the United States of such member, his family, household effects, baggage or automobile shall be borne by the Government of Brazil.

Article 7.—Compensation for transportation and travelling expenses in Brazil on Brazilian official business shall be provided by the Government of Brazil in accordance with Title III, Article 4.

Article 8.—The Chief of Mission shall be furnished by the Brazilian Government with a suitable automobile, with chauffeur, for his use on official business. Suitable motor transportation, with chauffeur, and when necessary a launch properly equipped, shall on call be made available by the Government of Brazil for use by the members of the Mission for the conduct of the official business of the Mission.

Article 9.—Suitable office space shall be made available for the members of the Mission.

Article 10.—If any member of the Mission, or any of his family, dies in Brazil, the Government of Brazil shall have the body transported to such place in the United States of America as the surviving members of the family may decide, but the cost to the Government of Brazil shall not exceed the cost of transporting the remains from the place of decease to New York City. Should the deceased be a member of the Mission, his services with the Mission shall be considered to have terminated fifteen (15) days after his death. Return transportation to New York City for the family of the deceased member and for their baggage, household effects and automobile shall be provided as prescribed in Title IV, Article 4. All compensation due the deceased member, including salary for fifteen (15) days subsequent to his death, and reimbursement for expenses and transportation due the deceased member for travel performed on Brazilian official business, shall be paid to the widow of the deceased member or to any other person who may have been designated in writing by the deceased while serving under the terms of this agreement; but such widow or other person shall not be compensated for accrued leave due and not taken by the deceased. All compensation due the widow, or other person designated by the deceased, under the provisions of this Article, shall be paid prior to the departure of such widow or person from Brazil and within fifteen (15) days of the decease of the said member.

TITLE V

REQUISITES AND CONDITIONS

Article 1.—So long as this agreement, or any extension thereof, is in effect, the Government of Brazil shall not engage the services of any personnel of any other foreign government for duties of any nature connected with the Brazilian Navy, except by mutual agreement between the Government of the United States and the Government of Brazil.

Article 2.—Each member of the Mission shall agree not to divulge or by any means disclose to any foreign government or person whatsoever any secret or confidential matter of which he may become cognizant in his capacity as a member of the Mission. This requirement shall continue to be binding after termination of duty with the Mission and after the expiration or cancellation of this agreement or any extension thereof.

Article 3.—Throughout this agreement the term "family" shall be construed as meaning wife and dependent children.

Article 4.—Each member of the Mission shall be entitled to one month's annual leave with pay, or to a proportional part thereof with pay for any fractional part

of a year. Unused portions of said leave shall be cumulative from year to year during service as a member of the Mission.

Article 5.—The leave cited in the preceding Article may be spent in foreign countries, but the expenses of travel and transportation involved shall be borne by the member of the Mission taking such leave. All travel time, including sea travel, shall count as leave and shall not be in addition to that authorized in the preceding Article.

Article 6.—The Government of Brazil agrees to grant the leave specified in Article 4 of this Title upon receipt of written application approved, with due consideration for the convenience of the Government of Brazil, by the Chief of Mission.

Article 7.—Except when otherwise mutually agreed upon in advance by the respective Governments, reliefs shall be effected by personal contact in Brazil between the retiring and the relieving members.

Article 8.—Suitable medical attention shall be furnished by the Government of Brazil to members of the Mission and their families. In case a member of that Mission becomes ill or suffers injury, he shall, at the discretion of the Chief of Mission, be placed in such hospital as the Chief of Mission deems suitable, after consultation with the Brazilian naval authorities, and all expenses incurred as the result of such illness or injury while the patient is a member of the Mission and remains in Brazil shall be paid by the Government of Brazil. If the hospitalized member is a commissioned officer, he shall pay his cost of subsistence, but if an enlisted man the cost of subsistence shall be paid by the Brazilian Government. Families shall enjoy the same privileges agreed upon in his Article for members of the Mission, except that a member of the Mission shall in all cases pay the cost of subsistence incident to hospitalization of a member of his family except as may be provided by Title III, Article 4.

Article 9.—Any member unable to perform his duties with the Mission by reason of long continued physical disability shall be replaced.

IN WITNESS WHEREOF, the undersigned, duly authorized thereto, have signed this agreement in duplicate in the English and Portuguese languages, at Rio de Janeiro, this seventh day of May nineteen hundred and forty two.

[SEAL] JEFFERSON CAFFERY.
[SELLO] OSWALDO ARANHA.

EXTENSION OF NAVAL MISSION AGREEMENT, 1946

[*Translation*]

EMBASSY OF THE UNITED STATES OF BRAZIL
Washington, January 3, 1946.

No. 1/530.1(22)

MR. SECRETARY OF STATE:

In as much as the Agreement for the United States Naval Mission in Brazil is due to expire May 7, 1946, I respectfully request Your Excellency to use your good offices with the proper authorities to the end that the said Agreement may be extended for a period of four more years.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

CARLOS MARTINS PEREIRA E SOUSA

His Excellency JAMES F. BYRNES,
Secretary of State of the United States of America.

The Acting Secretary of State to the Brazilian Ambassador

DEPARTMENT OF STATE
WASHINGTON
Jan 18 1946

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's note of January 3, 1946 in which you convey the request of your Government for the renewal of the Agreement entered into on May 7, 1942, between the Governments of the United States of America and the Republic of Brazil, providing for the assignment of a United States Naval Mission to Brazil.

I note that Your Excellency's Government desires to renew this agreement for a period of four years, the renewal to commence upon the termination of the

present agreement on May 7, 1946, and I am pleased to inform Your Excellency that this arrangement is agreeable to this Government, provided the agreement is so amended as to include the following language as an additional article to the basic agreement:

"The members of this Mission are permitted and may be authorized to represent the United States of America on any commission and in any other capacity having to do with military cooperation or hemispheric defense without prejudice to this contract."

I shall appreciate it if Your Excellency will inform me whether the suggested amendment is acceptable to the Brazilian Government.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Acting Secretary of State:
SPRUILLE BRADEN

His Excellency
CARLOS MARTINS,
Ambassador of Brazil.

[*Translation*]

EMBASSY OF THE UNITED STATES OF BRAZIL
Washington, March 21, 1946

MR. SECRETARY OF STATE:

I have the honor to acknowledge receipt of the note of January 18 of the current year by which Your Excellency informed me that United States Government concurs in extending for a period of four years, beginning on May 7, 1946, the Naval Mission Agreement between the United States of America and Brazil, after the following additional article has been included in the same:

"The members of this Mission are enabled and may be authorized to represent the United States of America on any board or in any capacity which pertains to military cooperation or defense of the Hemisphere, without prejudice to this agreement."

2 In reply, I inform Your Excellency that the Government of Brazil concurs in the inclusion of the additional article mentioned above.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

CARLOS MARTINS PEREIRA E SOUSA

HIS EXCELLENCY JAMES F. BYRNES,
Secretary of State of the United States of America.

EXTENSION OF NAVAL MISSION AGREEMENT, 1946

The Brazilian Ambassador to the Secretary of State

[*Translation*]

URGENT
No. 98/530.1 (22)

EMBASSY OF THE UNITED STATES OF BRAZIL
Washington, May 2, 1946

MR. SECRETARY OF STATE:

Supplementary to my note No. 61, of March 21 last, concerning the renewal of the Naval Mission Agreement between the United States of America and Brazil, I have the honor to inform Your Excellency that the Brazilian Government wishes to have certain additions and alterations inserted in the articles of the Agreement which is to come into force on the seventh of the current month, in order to:

a) Establish the fact that the officers of the Mission may work in conjunction with the Staffs of the Naval Forces or in the various Bureaus of the Navy, whenever their technical and professional experience is required on such commissions;

b) Modify Title I, Article 2, of the present Agreement by the addition of a new sentence, to read as follows:

"In case members of the Naval Mission are appointed for the purpose of familiarizing the Brazilian Navy with the use of special equipment or methods, the United States Government may withdraw them without replacing them, on the completion of the special assignments for which they were appointed."

c) Modify Title IV, Article 4 of the present agreement, changing the final sentence to read as follows:

"In the case of personnel who, at the request of the Minister of Marine of Brazil, may be appointed as members of the Mission for the purpose of familiarizing the Brazilian Navy with the use of special equipment or methods, as set forth in Title I, Article 2, the payment of expenses for the transportation of families, household effects and automobiles shall not be subject to this agreement, but shall be determined by negotiation between the representative of the United States Navy and the authorized representative of the Ministry of Marine of Brazil in Washington at such time as the choice of the personnel for such duty may be agreed upon."

2. The changes given in paragraphs b and c, suggested by the United States Naval Mission, are intended to provide for the need which the Brazilian Navy will have in future for the assistance of personnel of the United States Navy in questions of training, maintenance and supply which will arise during the period in which Brazilian personnel is being familiarized with the new ships and equipment.

3. Although that duty constitutes one of the functions of the United States Naval Mission, in view of the fact that in many cases it will be of a temporary character, it will not be necessary that the personnel assigned to it be included as full members of the Mission for the entire two years of the agreement.

4. However, it will be advisable to assign the personnel who may be appointed to such duties a status which is defined in the agreement, to terminate upon completion of their particular assignments.

5. With regard to the strength of the United States Naval Mission, the Brazilian Government would like for it to be composed of:

a) *Officers*

Chief	(x)	1
Assistant chief	(x)	1
Finance officer	(x)	1
Ordnance officer	(x)	1
Communications officer	(x)	1
Naval construction officer	(x)	1
Officers to serve as Instructors		
Officer for the Naval War School	(x)	1
Officer for the Training Center and Instructors' School	(x)	1
Officer for the System of Selection of Subaltern Personnel		1
Officer for the School for Training Technicians in the repair and maintenance of electronic radio, radar and sound equipment		1
Engineer Officers		
Boiler officer		1
Turbine officer		1
Damage control officer		1
Torpedo factory officer		1
Medical officer		1
Marine Corps officer		1
Officers to serve at Staff Headquarters of the Mission	(x)	2
Total number of officers		18

b) *Petty Officers*

Petty officer specialist in the repair and maintenance of optical equipment		1
Petty officer torpedoman with experience in submarines		1
Petty officer motor expert, with a knowledge of refrigerator plants		1
Petty officer, boiler specialist, with a knowledge of high-pressure boilers		1
Machinist's mate with a knowledge of steam turbines		1
Electrician's mate with a knowledge of gyroscopes and internal communications		1
Petty officer specialist in the localizing and control of damage		1
Gunner's mate or turret chief with a knowledge of the organization and training of gun crews and the maintenance of their respective batteries		1
Petty officer to serve at Staff Headquarters of the Mission	(x)	1
Petty officer to serve at the headquarters of the Naval War School		1
Petty officer to serve in the office of the Director of Naval Instruction		1
Total number of petty officers		11

The officers and petty officers marked "(x)" are already in Brazil.

6. I should be very grateful if Your Excellency would be so good as to inform me whether the American Government is in agreement with these proposals of the Brazilian Government, as set forth by me in this note, with reference to the additions and alterations in the articles of the Naval Mission Agreement, and also with reference to the composition of its complement.

7. Lastly, I inform Your Excellency that the Brazilian Government has no objection to the suggestion made by the United States Naval Mission concerning the reestablishment of the clause which appeared in our agreements prior to the one now in force, according to which the members of the Mission were granted the same rights and privileges which are enjoyed by diplomatic representatives of corresponding rank accredited in Brazil.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

CARLOS MARTINS PEREIRA E SOUSA

His Excellency
JAMES F. BYRNES
Secretary of State of the United States of America

The Secretary of State to the Brazilian Ambassador

DEPARTMENT OF STATE
WASHINGTON
June 8, 1946

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's note, no. 98/530.1(22) dated May 2, 1946, requesting certain modifications to the basic Agreement entered into on May 7, 1942 and extended for a period of four years by an exchange of notes dated January 3 and 18 and March 21, 1946 respectively, which provides for the assignment of a United States Naval Mission to Brazil.

In this connection, I am pleased to inform Your Excellency that the modification of Title IV, Article 4 of the basic Agreement, as suggested in paragraph (c) of Your Excellency's note under reference, is acceptable to the Government of the United States of America provided the Agreement is amended as follows: after the word "appointed" there shall be inserted "for a period of less than six months." The Navy Department is of the opinion that for periods longer than six months, temporary members of the Mission should not, in peacetime, be ordered to duty which would require separation from their families for an excessive length of time. When the services of temporary members are required for longer than six months, they should be entitled to the privileges of the present Agreement.

With regard to the new composition suggested for the Mission, the Navy Department informs the Department it cannot make definite commitments to furnish all the specialized personnel of officers and enlisted men requested, although every effort will be put forth to make them available.

I shall appreciate it if Your Excellency will inform me whether the suggested amendment is acceptable to the Brazilian Government.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:
SPRUILLE BRADEN

His Excellency
CARLOS MARTINS,
Ambassador of Brazil.

The Brazilian Ambassador to the Acting Secretary of State

[*Translation*]

EMBASSY OF THE UNITED STATES OF BRAZIL,
Washington, August 10, 1946

No. 205/530.1(22)

MR. SECRETARY OF STATE:

In supplement to my note No. 124/530.1(22), of June 11 last [1] relative to the agreement for the American Naval Mission in Brazil, I have the honor to inform

[1] [Not printed.]

Your Excellency that the Brazilian Government, taking into consideration the reasons given by the American Government, agrees to the proposed change in the wording of Art. 4, Chapter IV, of the said contract.

2. This article shall therefore be worded thus:

"In the case of personnel who, at the request of the Minister of Marine of Brazil, may join the Mission for a period of less than six months for the purpose of instructing the Brazilian Navy in the use of equipment or special methods, as provided in Title I, Art. 2, payment of expenses for the transportation of families, household effects and automobiles shall not be required under this Agreement, but shall be determined by agreement between the representative of the United States Navy and the authorized representative of the Ministry of Marine of Brazil in Washington at such time as the detail of personnel for such duty may be agreed upon"

3. With respect to the members of the American Naval Mission in Brazil, I communicate to Your Excellency that the Brazilian Government would be gratified if there were among the members a "Chief Fire Control Man" who has passed a course in repairs at the Navy Yard in Washington, D.C., and who is well acquainted with repairs on the Director XXXIII type system, distance control, electric and hydro-electric, types 4 and 5, and who has likewise had experience in the installation of artillery equipment aboard the new destroyers.

I avail myself of this occasion to renew to Your Excellency the assurances of my highest consideration.

CARLOS MARTINS PEREIRA E SOUSA

His Excellency DEAN ACHESON,
Acting Secretary of State of the United States of America.

DEPARTMENT OF STATE,
WASHINGTON,
Sep 17, 1946

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's note, no. 205/530.1(22) of August 10, 1946, concerning the renewal of the Agreement for the United States Naval Mission to Brazil signed May 7, 1942.

In this connection, I am pleased to note that the extension of the Agreement, with the changes in the wording of Title IV, Atricle 4, as set forth in your note, is agreeable to your Government.

I am informed that the Navy Department is seeking a Chief Fire Control Man and as soon as a suitable selection is made his name and biographical sketch will be submitted for consideration by your Government.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Acting Secretary of State:
SPRUILLE BRADEN

His Excellency CARLOS MARTINS,
Ambassador of Brazil.

EXTENSION AND AMENDMENT OF NAVAL MISSION AGREEMENT, 1954

(Effected by Exchange of Notes Signed at Rio de Janeiro June 29 and October 9, 1954; Entered into force October 9, 1954; operative retroactively May 7, 1954)

The American Ambassador to the Brazilian Minister for Foreign Affairs

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

No. 411

I have the honor to refer to Your Excellency's note DPo/121/52 (22) dated March 9, 1954, in which was conveyed the request your Government for the extension of the Agreement between Governments of the United States of Brazil and the United States of America providing for the assignment of the United States Naval Mission to Brazil subject to minor alterations in the Agreement which was last extended effective as of May 7, 1950.

Subject to the concurrence of the Brazilian Government, my Government suggests that such minor alterations include the following:

1. That the sentence reading

"Payment may be made in Brazilian National Currency and when so made shall be computed at such rate of exchange as may be agreed upon . . between the two Governments."

be deleted from Title IV, Article 1 and that the following sentence be substituted therefor:

"Payment may be made in Brazilian national currency as when so made shall be computed at the average rate of exchange prevailing in the free market in Rio de Janeiro during the month for which due."

2. That Title II, Article 1 be amended to read as follows:

"This Mission shall consist of a Chief of Mission of the rank of Captain or above on active service in the United States Navy and such other United States Naval personnel may subsequently be requested by the Ministry of Mission of Brazil and agreed upon by the United States Naval Department."

3. That it be understood that this Agreement is hereby extended indefinitely subject to termination as provided in Article 4 or Article 5 of Title I.

Upon receipt of a note from Your Excellency indicating that the undergoing modifications are acceptable to the Government of the United States of Brazil, the Government of the United States of America will consider that this note and your reply constitute extension of the Naval Mission Agreement as modified effective May 7, 1954.

Accept, Excellency, the renewed assurances of my highest consideration

JAMES SCOTT KEMPER.

JUNE 29, 1954

[*Translation*]

MINISTRY OF FOREIGN AFFAIRS,
RIO DE JANEIRO,
October 9, 1954

D Po/DAI/423/530.1 (22)

MR. AMBASSADOR:

I have the honor to acknowledge the receipt of note No. 411 of June 29, 1954, in which Your Excellency, in considering the extension of the Naval Agreement of 1942 between Brazil and the United States of America, suggested that the following changes be made in the official text of the agreement:

(a) That Article 1, Title IV, which reads:

"Payment may be made in Brazilian currency and, when made, shall be computed at such rate of exchange as may agreed upon between the two Governments."

be changed to read:

"Payment may be made in Brazilian currency and, when so made, shall be computed at the average rate of exchange prevailing in the free market in Rio de Janeiro during the month to which it pertains."

b) That Article 1, Title II, which reads:

"The Naval Mission shall consist of a Chief of Mission of the rank of Captain, on active service in the United States Navy, and of such other American Navy personnel as may subsequently be requested by the Ministry of Marine of Brazil, through its authorized representative in Washington, with the approval of the United States Department of the Navy."

changed to read:

"The Naval Mission shall consist of a Chief of Mission of the rank of Captain or higher on active service in the United States Navy, and of such other American Navy personnel as may subsequently be requested by the Ministry of Marine of Brazil with the approval of the United States Department of the Navy."

c) That it be understood that this Agreement is extended indefinitely, and it shall terminate only in the manner provided in Articles 4 and 5 of Title I.

2. In reply, I am happy to inform Your Excellency that the foregoing changes are acceptable to the Brazilian Government; accordingly, this note and Your Excellency's note to which I refer at the beginning constitute the agreement of our two Governments to extend the agreement in force from May 7, 1954.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

RAUL FERNANDEZ

His Excellency
JAMES SCOTT KEMPER,
Ambassador of the
United States of America.

MILITARY PRESENCE AGREEMENT, 1948

Agreement between the United States of America and Brazil respecting United States personnel stationed in Brazil and Brazilian personnel stationed in the United States. Effected by exchange of notes signed at Rio de Janeiro December 15, 1947, and February 2, 1948; entered into force February 2, 1948.

The Brazilian Minister for Foreign Affairs to the American Chargé d'Affaires ad interim

[*Translation*]

MINISTRY FOR FOREIGN AFFAIRS,
RIO DE JANEIRO.
December 15, 1947.

DPo/251/602.(04)

MR. CHARGÉ D'AFFAIRES:

With reference to the verbal understanding reached last September with the Ambassador of the United States of America regarding the application, on the part of our countries, of the provisions of Paragraph 7 of the Resolution on the Principles Governing the General Regulation and Reduction of Armaments, [1] adopted by the General Assembly of the United Nations on December 14, 1946, I have the honor to inform you that the Government of the United States of Brazil agrees to make officially, jointly with the United States of America, the following declaration:

a) Military personnel of the United States of Brazil now stationed in the territory of the United States of America, including members of the Joint Brazil-United States Defense Commission in Washington, have been and are so stationed with the full and freely given consent of the last-mentioned country;

b) Military personnel of the United States of America now stationed in the territory of Brazil, including members of the Joint Brazil-United States Military Commission in Rio de Janeiro, have been and are so stationed with the full consent of the Government of Brazil;

c) The Governments of the United States of Brazil and the United States of America mutually agree that the aforementioned military personnel shall continue to be so stationed until such time as the Government of the country in which they are stationed withdraws its consent thereto;

d) The military personnel of each of the two countries, stationed with the territory of the other, including members of the Joint Brazil-United States Defense Commission and the Joint Brazil-United States Military Commission, does not comprise any combat forces.

I avail myself of this opportunity to renew to you the assurances of my very distinguished consideration.

RAUL FERNANDES

Mr. DAVID MCKENDREE KEY,
Chargé d'Affaires of the United States of America.

The American Chargé d'Affaires ad interim to the Brazilian Minister for Foreign Affairs

EMBASSY OF THE
UNITED STATES OF AMERICA
RIO DE JANEIRO, BRAZIL,
February 2, 1948.

No. 21

EXCELLENCY:

I have the honor to acknowledge the receipt of the Ministry's note No.

[1] United Nations. *Resolutions adopted by the General Assembly during the Second Part of its First Session from 23 October to 15 December 1946*, p. 66. Lake Success, 1947.

DPo/251/602.(04) dated December 15, 1947, which, in translation, reads as follows:

"With reference to the verbal understanding reached in September 1947 with the Ambassador of the United States of America regarding the application, on the part of our two countries, of Paragraph 7 of the Resolution on the Principles Governing the General Regulation and Reduction of Armaments, adopted by the General Assembly of the United Nations on December 14, 1946, I have the honor to inform you that the Government of the United States of Brazil agrees to issue officially, jointly with the United States of America, the following declaration:

a) Military personnel of the United States of Brazil now stationed in the territory of the United States of America, including those attached to the Joint Brazil-United States Defense Commission in Washington, have been and are so stationed with the full and freely given consent of the Government of the United States of America;

b) Military personnel of the United States of America now stationed in the territory of the United States of Brazil, including those attached to the Joint Brazil-United States Military Commission in Rio de Janeiro, have been and are so stationed with the full and freely given consent of the Government of Brazil;

c) The Governments of the United States of Brazil and the United States of America mutually agree that the aforementioned military personnel shall continue to be so stationed until such time as the Government of the country in which they are stationed withdraws its consent thereto;

d) None of the military personnel of either country, stationed within the territory of the other government, including military personnel attached to the Joint Brazil-United States Defense Commission and the Joint Brazil-United States Military Commission, comprises any combat forces."

The above quoted declaration by the Government of the United States of Brazil has been duly noted by the Government of the United States of America which adheres fully to the statements contained therein.

Accordingly, I have the honor to inform Your Excellency that the Ministry's note, together with this note in reply, will be considered by the Government of the United States of America as placing on record the understanding of the two governments in regard to this matter.

Accept, Excellency, the renewed assurances of my highest consideration.

DAVID MCK. KEY

His Excellency
Dr. RAUL FERNANDES,
The Minister for Foreign Affairs,
Rio de Janeiro, Brazil.

BRAZIL

JOINT GROUP ON EMERGENCY SUPPLY PROBLEMS

Agreement effected by exchange of notes signed at Rio de Janeiro July 24, 1951; entered into force July 24, 1951.

The American Ambassador to the Brazilian Minister for Foreign Affairs

No. 40

RIO DE JANEIRO, BRAZIL, *July 24, 1951*

EXCELLENCY:

I have the honor to refer to an understanding reached by members of the Brazilian Delegation to the Fourth Meeting of Consultation of Ministers of Foreign Affairs designated by Your Excellency and officers of the Department of State of the United States, which was embodied in a document dated April 17, 1951, entitled "Memorandum of Understanding Concerning Implementation of Resolution XVI of the Fourth Meeting of Consultation of the Ministers of Foreign Affairs", [1] and to state that, following conversations with officers of the

[1] Not printed.

Ministry under the direction of Your Excellency, I am authorized to agree on behalf of the Government of the United States of America to the following arrangements:

1. There shall be established at Rio de Janeiro a Joint Group on Emergency Supply Problems.

2. This Group shall be composed of representatives of the American Embassy or such other agencies as the Government of the United States may designate, and of the Bank of Brazil or such other agencies as the Government of Brazil may designate.

3. The functions of this Joint Group shall be:

a) to ascertain and submit recommendations on essential needs of the Brazilian economy for scarce products to be imported from the United States;

b) to consult on measures for facilitating the export to the United States of Brazilian products needed in the economy of the United States;

c) to act as an instrumentality for continuous consulatation within the meaning of Resolution XVI of the Fourth Consultative Meeting;

d) to make recommendations for improving the operation of the systems of export control and priorities adopted by the two countries.

4. In case of agreement within the Joint Group, the findings of fact upon which its recommendations are based shall be set forth and shall be regarded as final.

5. In case of disagreement between the two parties composing the Joint Group on any matter, such matter will, at the request of the Foreign Minister of Brazil and the Ambassador of the United States, be referred for decision to the Joint Brazil-United States Commission for Economic Development.

6. If the quotas established by the authorities of the United States are appreciably lower than the quantities specified in the recommendations of the Joint Group, the United States will be prepared, upon request, to advise that Group of the reasons for such decision.

7. The control of distribution of the products imported into Brazil from the United States shall be the responsibility of the Brazilian authorities in accordance with Section 6 of Resolution XVI of the Fourth Consultative Meeting and the Joint Group shall serve as a channel for consultation as contemplated by that Resolution.

A reply from Your Excellency indicating the agreement of the Government of Brazil to the above provisions will be understood by my Government as constituting an agreement covering the establishment of a Joint Group on Emergency Supply Problems.

Accept, Excellency, the renewed assurances of my most distinguished consideration.

HERSCHEL V. JOHNSON

His Excellency
JOAO NEVES DA FONTOURA
Minister for Foreign Affairs
Rio de Janeiro, Brazil

The Brazilian Minister for Foreign Affairs to the American Ambassador

[*Translation*]

MINISTRY OF FOREIGN AFFAIRS,
RIO DE JANEIRO.
July 24, 1951.

Dec/620/660.8(20)

MR. AMBASSADOR,

I have the honor to acknowledge receipt of note No. 40 of July 24, 1951, in which Your Excellency refers to the "Memorandum of Understanding Concerning Implementation of Resolution XVI of the Fourth Meeting of Consultation of the Ministers of Foreign Affairs", the said Memorandum having been concluded in Washington on April 17, 1951, by representatives of the Department of State and members of the Brazilian Delegation to the Fourth Meeting of Consultation.

2. With respect thereto Your Excellency informs me that the Government of the United States agrees that:

[For the English language text of the arrangements, see U.S. note above.]

3. In reply, I am pleased to state that the Brazilian Government, fully agreeing to the provisions noted above, considers Your Excellency's note and this note as constituting a formal agreement on the matter.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

JOÃO NEVES DA FONTOURA

His Excellency HERSCHEL V. JOHNSON,
Ambassador of the United States of America.

MUTUAL DEFENSE ASSISTANCE

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND BRAZIL

Signed at Rio de Janeiro March 15, 1952; Entered into force May 19, 1953

Military assistance agreement between the United States of America and the Republic of the United States of Brazil

The Governments of the United States of America and of the Republic of the United States of Brazil:

Conscious of their pledges under the Inter-American Treaty of Reciprocal Assistance [1] and other international instruments to assist any American State subjected to an armed attack and to act together for the common defense and for the maintenance of the peace and security of the Western Hemisphere;

Desiring to foster international peace and security within the framework of the Charter of the United Nations [2] through measures which will further the ability of nations dedicated to the purposes and principles of the Charter to participate effectively in arrangements for individual and collective self-defense in support of those purposes and principles;

Reaffirming their determination to give their full cooperation to the efforts to provide the United Nations with armed forces as contemplated by the Charter and to obtain agreement on universal regulation and reduction of armaments under adequate guarantee against violation;

Taking into consideration the support that the Government of the United States of America has brought to these principles by enacting the Mutual Defense Assistance Act of 1949, as amended, [3] and the Mutual Security Act of 1951, [4] which provide for the furnishing of military assistance to nations which have joined with it in collective security arrangements;

Desiring to set forth the conditions which will govern the furnishing of such assistance by one contracting Government to the other;

Have designated for these purposes Plenipotentiaries who have agreed as follows:

ARTICLE I

1–Each Government will make or continue to make available to the other, and to such additional governments as the Parties hereto may in each case agree upon, such equipment, materials, services, or other military assistance as the Government furnishing such assistance may authorize and in accordance with such terms and conditions as may be agreed. The furnishing of any such assistance as may be authorized by either Party hereto shall be consistent with the Charter of the United Nations. Such assistance shall be so designed as to promote the defense of the Western Hemisphere and be in accordance with defense plans under which both Governments will participate in missions important to the defense of the Western Hemisphere. Assistance made available by the Government of the United States of America pursuant to this Agreement will be furnished under the provisions, and subject to all the terms, conditions and termination provisions of the Mutual Defense Assistance Act of 1949, the Mutual Security Act of 1951, acts amendatory and supplementary thereto and appropriation acts thereunder. The two Governments will, from time to time, negotiate detailed arrangements by the exchange of notes to carry out the provisions of this paragraph.

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[1] Treaties and Other International Acts Series 1838; 62 Stat., pt. 2, p. 1681.
[2] Treaty Series 993; 59 Stat. 1031.
[3] 63 Stat. 714; 22 U S C. §§ 1571–1604.
[4] 65 Stat. 373

2—Each Government undertakes to make effective use of assistance received from the other Government pursuant to this Agreement for the purpose of implementing defense plans, accepted by the two Governments, under which the two Governments will participate in missions important to the defense of the Western Hemisphere, and will not, without prior agreement of the other Government, devote such assistance to purposes other than those for which it was furnished. The transfer of equipment or materials on a reimbursable basis shall be in accordance with terms and conditions relating to such transfers which may be agreed to by the two Governments.

3—Arrangements will be entered into under which equipment and materials furnished pursuant to this Agreement and no longer required for the purposes for which it was originally made available (except equipment and materials furnished under terms requiring reimbursement) will be returned to the Government which furnished such assistance for appropriate disposition.

4—In the common security interest each Government undertakes not to transfer to any person not an officer or employee or agent of such Government, or to any other Government, title to or possession of any equipment, materials, or services furnished under this Agreement without the prior agreement of the other Government. The transfer of equipment or materials on a reimbursable basis shall be in accordance with terms and conditions relating to such transfers which may be agreed to by the two Governments.

5—If the funds allotted for implementing any assistance programs undertaken by the Government of the United States of America under the present agreement are made subject to any judicial process in the Republic of the United States of Brazil which would obstruct or make difficult their free and immediate use for the purposes for which they were originally intended, the Brazilian Government will promptly take action to insure, for the execution of such programs and achievement of such objectives, a contribution equivalent to the funds referred to; for this purpose the Administration will utilize funds at its disposition or will request them from the National Congress.

6—Each Government will take such security measures as may be agreed in each case between the two Governments in order to prevent the disclosure or compromise of classified military articles, services or information furnished by the other Government pursuant to this Agreement.

ARTICLE II

Each Government will take appropriate measures consistent with security to keep the public informed of operations under this Agreement.

ARTICLE III

The two Governments will, upon request for either of them, negotiate appropriate arrangements between them to provide for the availability of patent licenses and technical information required in furtherance of the objectives of this Agreement. In these negotiations consideration shall be given to the inclusion of a clause whereby each Government will assume the responsibility for all claims of its nationals arising under such arrangements, and such claims arising in its jurisdiction of nationals of any country not a party to this Agreement.

ARTICLE IV

1—The Government of the Republic of the United States of Brazil agrees to make available to the Government of the United States of America funds in an amount to be agreed upon in Brazilian currency for the use of the latter Government for expenses of administration of services it will execute in implementing the objectives of the Mutual Security Act of 1951 in the Republic of the United States of Brazil.

2—The two Governments will forthwith initiate discussions with a view to determining the amount of Brazilian currency and to agreeing upon arrangements for the furnishing of such currency.

ARTICLE V

The Government of the Republic of the United States of Brazil will, except as otherwise agreed, grant duty-free treatment and exemption from internal taxation upon importation or exportation to products, property, materials or equip-

ment imported into its territory in connection with this Agreement or any similar agreement between the United States of America and any other country receiving military assistance.

ARTICLE VI

1–Each Government upon being appropriately advised agrees to receive personnel of the other Government who will discharge responsibilities of the other Government in connection with the implementation of this Agreement. Such personnel will be accorded facilities to observe the progress of assistance furnished pursuant to this Agreement. Such personnel who are nationals of that other country, including personnel temporarily assigned, will, in their relations with the Government of the country to which they are assigned, operate as a part of the Embassy under the direction and control of the Chief of the Diplomatic Mission of the Government of the sending country, and shall be accorded all privileges and immunities conferred by international custom to Embassy personnel of corresponding rank. Privileges and courtesies incident to diplomatic status, such as diplomatic automobile license plates, inclusion on the "diplomatic list", and social courtesies may be waived by the sending Government for its personnel other than the senior military member and senior Army, Navy and Air Force officers and their respective immediate deputies.

2–The two Governments will negotiate arrangements for classification of personnel and for appropriate notification thereof to the host Government.

3–The Government of the Republic of the United States of Brazil shall grant, upon request of the Chief of the Diplomatic Mission of the United States of America, exemption from customs duties on articles imported for the personal use of such personnel and of members of their families. Should it become necessary to send Brazilian personnel to the United States of America in connection with the provision of military assistance by the Republic of the United States of Brazil to the United States of America, the United States Government shall grant, upon the request of the Chief of the Brazilian Diplomatic Mission, exemption from customs duties on articles imported for the personal use of such personnel and of members of their families.

ARTICLES VII

Existing arrangements relating to Armed Forces missions of the United States of America established under other instruments are not affected by this Agreement and will remain in full force.

ARTICLE VIII

In conformity with the principle of mutual aid, as provided in Article I, the two Governments hereby reaffirm Resolutions XII, XIII, XIV and XVI set forth in the Final Act of the Fourth Meeting of Consultation of the Ministers of Foreign Affairs of American States, held in Washington in 1951, which embody decisions taken by American States for the purpose of cooperating technically and financially with a view to increasing production of basic and strategical materials and providing one another with materials, products and services required for their common defense. Transfers of materials will be effected according to legislation in force and specific agreements already existing or to be negotiated.

ARTICLE IX

In the interest of mutual security, each Government will cooperate with the other in the adoption and application of measures of economic defense and commercial controls destined to protect the Western Hemisphere against threats from any country.

ARTICLE X

1–The two Governments reaffirm their determination to collaborate in promoting international understanding and good will and maintaining world peace, to proceed as may be mutually agreed upon to eliminate causes of international tension, and to fulfill the military obligations assumed under bilateral and multilateral agreements or treaties to which both are parties.

2–The Government of the Republic of the United States of Brazil will make, consistent with the political and economic stability of the country, the full contribution permitted by its manpower, resources, facilities and general economic conditions to the development and maintenance of its defensive strength,

the defensive strength of the Western Hemisphere and of the Free World, and will take all reasonable measures which may be needed to develop its defensive capacities.

ARTICLE XI

Whereas this Agreement has been negotiated and concluded on the basis that the Government of the United States of America will extend to the other party thereto the benefits of any provision in a similar agreement concluded by the Government of the United States of America with any other American Republic, it is understood that the Government of the United States of America will interpose no objection to amending this Agreement in order that its provisions may conform, in whole or in part, to the corresponding provisions of any similar Military Assistance Agreement, or agreements amendatory thereto, concluded with an American Republic.

ARTICLE XII

1–This Agreement shall come into force when the Government of the Republic of the United States of Brazil shall have notified the Government of the United States of America [1] of its ratification and shall continue in force until one year after the receipt by either Party of written notice of the other Party to terminate it, except that the provisions of Araicle I, paragraphs 2 and 4 and agreements made pursuant to the provisions of article I, paragraphs 3, 5 and 6 and of Article III shall remain in force unless otherwise agreed by the two Governments.

2–The two Governments shall, upon the request of either of them, consult regarding any matter relating to the application or amendment of this Agreement.

3–This Agreement shall be registered with the Secretariat of the United Nations.

In witness whereof, the Undersigned Plenipotentiaries have signed the present Agreement, in duplicate in the English and Portuguese languages, and have affixed thereto their seal, in Rio de Janeiro this fifteenth day in March, 1952.

[SEAL]

FOR THE UNITED STATES OF AMERICA

HERSCHEL V. JOHNSON

JOAO NEVES DA FONTOURA

[SEAL] FOR THE REPUBLIC OF THE UNITED STATES OF BRAZIL

DEFENSE: MILITARY ASSISTANCE

Understanding effected by exchange of notes
Signed at Rio de Janeiro January 30, 1964;
Entered into force January 30, 1964.

The Brazilian Minister of Foreign Affairs to the American Chargé d' Affaires ad interim

[*Translation*]

MINISTRY OF FOREIGN AFFAIRS,
January 30, 1964.

G/AAA/28/550.(22)

MR. CHARGÉ D'AFFAIRES:

I have the honor to refer to the recent conversations that took place between the representatives of our two Governments concerning the furnishing of military assistance to the Government of Brazil in accordance with the provisions of Article I, paragraph 1, *in fine*, of the Military Assistance Agreement of March 15, 1952. [2]

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[1] May 19, 1953.
[2] TIAS 2770; 4 UST 174.

2. Conscious of the obligations which devolve upon them with reference to the individual and collective inter-American defense, the Government of the United States of Brazil and the Government of the United States of America, wishing to strengthen their capacity to counteract threats or acts of aggression or any other dangers to peace and security, in accordance with the undertaking assumed in treaties and agreements such as the Charter of the Organization of American States [3] and the Treaty of Reciprocal Assistance signed in Rio de Janeiro on September 2, 1947, [4] reached an understanding concerning arrangements for the furnishing of military assistance for the above purposes by the Government of the United States of America to the Government of Brazil in accordance with the provisions of the Military Assistance Agreement, it being understood that the undertakings set forth therein, limited to assistance for the implementation of already-existing plans under which both Governments will participate in missions important to the defense of the Western Hemisphere, will be adjusted by mutual agreement as deemed necessary.

3. Bearing in mind that both Governments are inspired by the desire to provide for the defense and maintenance of peace in the Western Hemisphere, the Government of the United States of America is prepared to furnish such military assistance as may be mutually agreed upon, having in mind the above-mentioned purposes.

4. For this purpose, the representatives of the two Governments will determine the terms and conditions of the assistance to be furnished. The assistance to be furnished under this understanding shall be carried out in accordance with the terms of and in the manner prescribed by the Military Assistance Agreement.

5. I have the honor to propose to Your Excellency that this note and Your Excellency's reply thereto shall constitute an understanding between the two Governments on the subject, which shall enter into force on the date of Your Excellency's reply.

I avail myself of the opportunity to present to Your Excellency the assurances of my highest consideration.

JOÃO AUGUSTO DE ARAUJO CASTRO

His Excellency
JOHN GORDON MEIN,
Chargé d' Affaires ad interim
of the United States of America.

The American Chargé d' Affaires ad interim to the Brazilian Minister of Foreign Affairs

No. 575 RIO DE JANEIRO, *January 30, 1964.*

EXCELLENCY:

I have the honor to refer to recent conversations between the representatives of our two governments concerning the furnishing of military assistance to the Government of Brazil in accordance with the provisions of Article I, paragraph 1, *in fine* of the Military Assistance Agreement, of March 15, 1952.

1. Conscious of the obligations which devolve upon them with reference to their individual and collective Inter-American defense, the Government of the United States of Brazil and the Government of the United States of America wishing to strengthen their capacity to counteract threats or acts of aggression, or any other dangers to peace and security, in accordance with the undertakings contained in treaties and agreements previously concluded, such as the Charter of the Organization of American States and the Inter-American Treaty of Reciprocal Assistance signed in Rio de Janeiro on September 2, 1947, have reached an understanding concerning arrangements for the furnishing of military assistance for the above purposes by the Government of the United States of America to the Government of Brazil in accordance with the provisions of the Military Assistance Agreement, it being understood that the undertakings therein which are limited to assistance for existing defense plans under which both Governments will participate in missions important to the defense of the Western Hemisphere shall be adjusted by mutual agreements as found necessary.

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[3] TIAS 2361; 2 UST 2394.
[4] TIAS 1838; 62 Stat. 1081.

2. Bearing in mind that both Governments are inspired by the desire to provide for the defense and maintenance of peace in the Western Hemisphere, the Government of the United States of America is prepared to furnish military assistance as may be mutually agreed, having in mind the above mentioned purposes.

3. For this purpose, the representatives of the two Governments will determine the terms and conditions of the assistance to be furnished. The assistance to be furnished under this understanding shall be carried out in accordance with and subject to the provisions of the Military Assistance Agreement.

4. I have the honor to propose to Your Excellency that this note and Your Excellency's reply thereto shall constitute an understanding between the two governments on this subject which shall enter into force on this date.

Accept, Excellency, the renewed assurances of my highest consideration.

JOHN GORDON MEIN
Chargé d'Affaires ad interim

His Excellency
ARAUJO CASTRO,
Minister of Foreign Affairs,
Rio de Janeiro.

BRAZIL

DEFENSE: DISPOSITION OF EQUIPMENT AND MATERIAL

Agreement effected by exchange of notes Signed at Rio de Janeiro January 27, 1967; Entered into force January 27, 1967.

The American Chargé d'Affaires ad interim to the Brazilian Acting Minister of Foreign Affairs

RIO DE JANEIRO,
January 27, 1967

No. 613
EXCELLENCY:

I have the honor to inform Your Excellency that the Government of the United States of America, wishing to see precise norms established for the return of equipment and materiel which have been or will be provided as a result of the Military Assistance Agreement signed at Rio de Janeiro on March 15, 1952,[1] agrees to the provisions set forth in the following items:

1. For the purposes of this agreement the term "materiel" means all equipment, materiel, including ships, or parts thereof which have been provided by one to the other of the Contracting Parties under the terms of the Military Assistance Agreement signed at Rio de Janeiro on March 15, 1952.

2. Each Contracting Party shall notify the other, through the Delegations maintained at the Joint Brazil-United States Military Commission, of the existence of materiel considered unnecessary, whether because it is no longer required for the purpose for which intended, or because it has outlived normal usefulness or because it has been damaged or rendered useless beyond repair. Each Contracting Party may also inform the other, through the personnel referred to in the first sentence of this paragraph, of any such materiel which may come to the attention of either party, and when so informed, the party so notified shall enter into consultation with the party giving notification with a view to disposing of any such materiel according to the procedures set out in the following items.

3. The notifications made in accordance with the preceding item will contain whenever possible a detailed list of the material which will be grouped according to the reasons for which the materiel is no longer required.

4. After notification in accordance with items 2 and 3, the Assignor of such materiel will indicate to the Assignee, in the manner established by item 2 for notifications, the materiel which the Assignor considers should be accepted by it for return.

5. The return of the materiel will be evidenced by statements of delivery and by receipts signed respectively by the duly authorized agents for the Assignee or the Assignor.

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[1] TIAS 2776; 4 UST 170.

6. The Assignee of the materiel, the return of which was determined in accordance with item 4, shall deliver it at a port, airport, or other point of embarkation, designated by mutual agreement between the Contracting Parties, in the national territory of the Assignee.

7. It is understood that the Assignee will bear only the expense of transportation and loading of the materiel to be returned as far as the port, airport, or other point of embarkation.

8. Materiel determined to be no longer necessary and not selected for return by the Assignor will as soon as possible be disposed of by mutual agreement between the Contracting Parties.

9. All of the materiel which has been provided under the Military Assistance Agreement of March 15, 1952, and which becomes unusable or becomes scrap will be subject to notification in accordance with items 2 and 3, and its disposition will be governed in accordance with the provisions of items 4, 5, 6, 7 and 8.

10. This agreement shall enter into force on the date on which it is concluded.

11. This agreement shall remain in force until six months after the date on which one of the Contracting Parties notifies the other of its decision to terminate it. Such termination will in no way affect the legal effects of the Agreement of March 15, 1952, provided it is still in force.

This note and that of Your Excellency of the same date and contents will constitute an Agreement between our two Governments on this matter.

Accept, Excellency, the renewed assurances of my highest consideration.

PHILIP RAINE
Chargé d'Affaires a.i.

His Excellency
Ambassador MANOEL PIO CORREA,
Acting Minister of Foreign Affairs,
Rio de Janeiro.

The Brazilian Acting Minister of Foreign Affairs to the American Chargé d'Affaires ad interim

[*Translation*]

MINISTRY OF FOREIGN AFFAIRS,
January 27, 1967.

DAS DAI 34/524.2 (22)

MR. CHARGÉ D' AFFAIRES:

I have the honor to inform you that the Government of the United States of Brazil, wishing to see precise norms established for the return of equipment and materiel which have been or will be provided as a result of the Military Assistance Agreement signed at Rio de Janeiro on March 15, 1952, agrees to the provisions set forth in the following items:

[For the text see U.S. note above.]

2. This note and your note of the same date and contents will constitute an agreement between our two Governments on this matter.

Accept, Sir, the renewed assurances of my very distinguished consideration.

M PIO C

MR. PHILIP RAINE,
Chargé d' Affaires ad interim of the
United States of America.

BRAZIL

AERIAL MAPPING PROGRAM

Agreement effected by exchange of notes signed at Rio de Janeiro June 2, 1952; entered into force June 2, 1952

The American Ambassador to the Brazilian Minister of State for Foreign Affairs

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

RIO DE JANEIRO, BRAZIL,
June 2, 1952.

No. 568

EXCELLENCY:

I have the honor to refer to the conversations which have taken place between representatives of the Government of the United States of America and representatives of the United States of Brazil regarding the establishment of a collaborative program of aeronautic charting and topographic mapping in Brazil.

Acting in accordance with instructions received from my Government, I am glad to inform Your Excellency that the Government of the United States of America agrees that a program of aeronautic charting and topographic mapping in Brazil shall be established in accordance with the following provisions:

The two Governments agree to establish a Mixed Commission to be composed of technical personnel of the United States of America and of the United States of Brazil. The Commission shall be responsible for the formulation of the technical work plans and for their execution and supervision.

The Mixed Commission shall designate geodetic technicians of both Governments to act as a technical commission whose functions shall be:

1. to analyze existing geodetic surveys and prepared comprehensive plans for their integration;
2. to determine the amount and location of additional horizontal and vertical control of first order accuracy;
3. to determine the amount and location of supplementary horizontal and vertical control necessary for accurate map and chart compilation; and
4. to supervise the execution of all operations in order to assure their compliance with the standards adopted by the Pan American Institute of Geography and History and by the International Union of Geodesy and Geophysics.

The Government of the United States of America also agrees:

1. to execute as expeditiously as possible the trimetrogon and vertical photography in areas of mutual interest required by this collaborative program;
2. to provide such technical help in the form of personnel, equipment and other articles as may be available within the limitations of funds if requested by the agencies of the Government of the United States of Brazil for the execution of geodetic, astronomic, and other precise technical work in areas of mutual interest;
3. to keep the Government of the United States of Brazil currently informed regarding the entry into Brazil of civilian and military personnel of the United States of America, the date and place of entry, and other matters relating to the collaborative program; and
4. to furnish to the Government of the United States of Brazil:
   a. two complete sets of prints of the trimetrogon photography accomplished, or, in lieu thereof, one set of duplicate negatives on topographic base film;
   b. one set of duplicate negatives on topographic base film of the vertical photography accomplished;
   c. one set of plot maps of each type of photography, indicating the lines of flight and the photographic coverage;
   d. duplicate copies of geodetic control data;
   e. two sets of the base compilation sheets for the aeronautic charts at a scale of 1:500,000 and 1:1,000,000;
   f. two hundred copies each of the aeronautic charts of a scale of 1:1,000,000;

g. two sets of the base compilation sheets of the topographic maps; and

h. two hundred copies each of the topographic maps which may be produced under the program.

The Government of the United States of Brazil also agrees:

1. to permit the taking of such aerial photography of its territories and the entry into Brazil of such personnel of the United States of America as may be necessary for the accomplishment of the tasks previously established by the Mixed Commission;

2. to make available all astronomic, geodetic, and topographic data and all related charts, maps and sketches which are now in its possession or which shall come into its possession during the course of this program, and to provide technical units in order to establish with required precision all points of reference, including photogrammetric picture points, in sufficient number and in such locations as may be necessary for purposes of compilation by modern photogrammetric methods;

3. to coordinate its future mapping program with this program so far as may be practicable; but, performance of the proposed program will not limit the complete liberty of the Government of Brazil to do any cartographic work to meet its own requirements;

4. to permit the importation, free from the payment of duties and other customs charges, of equipment, fuel, supplies, and other articles necessary for the execution of operational projects undertaken by agencies of the Government of the United States of America, as well as any and all articles for the personal use of the civilian and military personnel of such agencies residing in Brazil, if the article is not one the importation of which is prohibited by the laws of the United States of Brazil, and to permit the exportation free of taxes and other charges of equipment and other articles brought into Brazil by such agencies and personnel of the Government of the United States of America in connection with this agreement.

In order to assure proper protection and security for their interests, the two Governments further agree that:

1. all work incident to this program shall be accomplished exclusively for the mutual benefit of the two Governments and the results thereof shall be considered their exclusive property;

2. that the aerial photographs obtained through the accomplishment of this program shall not be revealed by either Government to nationals of either country without the prior consent of the other Government;

3. specific or detailed information relating to the aerial photography, geodetic surveys, and other technical operations undertaken as a part of this program shall not be revealed to a third country, its nationals or agents, by one of the Governments without the prior consent of the other Government; and

4. the original negatives of the photography and the original field notes of the technical agencies of the Government of the United States of America shall be retained in the archives of that Government subject to the security restrictions set forth above.

The two Governments undertake that the Mixed Commission shall be formed at the earliest possible date.

The provisions of this agreement shall apply to the extent possible, in the judgment of the Mixed Commission, to the informal arrangements between the two Governments relating to aeronautic charting and topographic mapping in Brazil which are in effect at the present time.

This agreement may be terminated at any time by either the Government of the United States of Brazil or the Government of the United States of America, subject to eighteen months' written notice to the other Government.

The present note and that of Your Excellency of today's date and the same tenor, in the Portuguese language, will be considered as the instrument of administrative agreement between our two Governments on the subject in question.

Accept, Excellency, the renewed assurances of my highest consideration.

[SEAL]

HERSCHEL V. JOHNSON

His Excellency
JOÃO NEVES DA FONTOURA,
Minister of State for Foreign Affairs of Brazil,
Rio de Janeiro.

The Brazilian Minister of State for Foreign Affairs to the American Ambassador

[*Translation*]

MINISTRY OF FOREIGN AFFAIRS,
RIO DE JANEIRO.
June 2, 1952

MR. AMBASSADOR,

I have the honor to acknowledge receipt of note No. 568 of June 2, in which Your Excellency refers to the conversations that have taken place between the Brazilian authorities and the representatives of the Government of the United States of America regarding the establishment of a collaborative program for the preparation of topographic maps and aeronautic charts in Brazil.

2. I am authorized to inform Your Excellency that the Brazilian Government agrees that the topographic map and aeronautic chart program shall be established in accordance with the following provisions:

[For the text of the provisions, see U.S. note above.]

11. Your Excellency's note No. 568 and the present note, both dated today, shall be considered the instrument of administrative agreement between our two Governments on the subject in question.

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest consideration.

JOÃO NEVES DA FONTOURA

His Excellency HERSCHEL V. JOHNSON,
Ambassador of the United States of America.

Agreement interpreting the agreement of June 2, 1952. Effected by exchange of notes. Signed at Rio de Janeiro September 22 and 23, 1965; Entered into force September 28, 1965.

The American Ambassador to the Brazilian Acting Minister of Foreign Affairs

RIO DE JANEIRO, *September 22, 1965.*

No. 277

EXCELLENCY:

I have the honor to refer to the exchange of notes signed at Rio de Janeiro on June 2, 1952 [1] effecting an agreement between our two governments concerning a collaborative program of aeronautic charting and topographic mapping in Brazil and, in connection therewith, to record the understanding of my government that any provision of that agreement notwithstanding the original negatives of the photography may be retained in the possession of the Government of Brazil.

If the Government of Brazil concurs in that understanding this note and Your Excellency's note in reply shall constitute an agreement between our two governments interpreting the aforesaid agreement effected by exchange of notes of June 2, 1952.

Accept, Excellency, the renewed assurances of my highest consideration.

LINCOLN GORDON.

His Excellency
Ambassador ANTONIO BORGES LEAL CASTELLO BRANCO FILHO,
Acting Minister of Foreign Affairs,
Rio de Janeiro.

[1] TIAS 2656; 3 UST (pt. 3) 4838.

The Brazilian Acting Minister of Foreign Affairs to the American Ambassador

[*Translation*]

MINISTRY OF FOREIGN AFFAIRS,
September 28, 1965.

DAS/DAI/243/592.54(22)

MR. AMBASSADOR:

I have the honor to acknowledge the receipt of Note No. 227, dated September 22, 1965, in which Your Excellency refers to the agreement between our two countries effected by an exchange of notes on June 2, 1952, with regard to a collaborative program for the preparation in Brazil of aeronautic charts and topographic maps, and expresses the understanding of the United States Government that Brazil may retain in its possession the original negatives of the photographs.

2. In reply, I inform Your Excellency that the Brazilian Government concurs in this point of view and that this note and Note No. 277 referred to above shall constitute an agreement between our governments interpreting the agreement concluded by the exchange of notes on June 2, 1952.

I take this opportunity to renew to Your Excellency the assurances of my highest consideration.

A. B. L. CASTELLO BRANCO

His Excellency
LINCOLN GORDON,
Ambassador of the United States of America.

BRAZIL

DEFENSE: JOINT BRAZIL-UNITED STATES MILITARY AND DEFENSE COMMISSIONS

Agreement effected by exchange of notes signed at Rio de Janeiro August 1 and September 20, 1955; Entered into force September 20, 1955

The American Ambassador to the Brazilian Minister of Foreign Affairs

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

EMBASSY OF THE
UNITED STATES OF AMERICA,
Rio de Janeiro, August 1, 1955.

No. 28

EXCELLENCY:

I have the honor to advise Your Excellency that the Government of the United States of America, recognizing the long friendship and mutual cooperation which have existed between our two Governments throughout their history and mindful of the ever-increasing community of interests which our two Governments share, and desiring to further the ability of the United States of America and of the Republic of the United States of Brazil to participate more effectively in arrangements for their individual and mutual security and the security of the hemisphere within the scope of the Inter-American Treaty of Reciprocal Assistance and the framework of the Charter of the United Nations, proposes the following agreement:

(1) The joint Brazil-United States Military Commission (JBUSMC), originally established in Rio de Janeiro during World War II by the two Governments as a means of assisting each other in achieving their common goal of mutual security, will continue to function as the principal agency in the United States of Brazil for facilitating military cooperation between the two countries.

(2) The Joint Brazil-United States Defense Commission (JBUSDC), originally established in Washington, D.C., during World War II by the two Governments as a means of assisting each other in achieving their common goal of mutual security, will continue to function as the principal agency in the United States of America for facilitating military cooperation between the two countries.

(3) Each Government, upon being appropriately advised, agrees to receive personnel of the other Government who will discharge responsibilities of that Government in connection with the implementation of this agreement.

(4) Arrangements governing the composition, functions, and procedures of the two commissions may be entered into from time to time, as necessary, by the appropriate military authorities of the two Governments.

(5) This Agreement shall remain in effect until one year from the date of notice by either Government of its intention to terminate the Agreement.

If the foregoing provisions are acceptable to Your Excellency's Government, I have the honor to propose that this note and Your Excellency's reply thereto shall be regarded as constituting an agreement between the two Governments concerning this matter.

Accept, Excellency, the renewed assurances of my highest esteem and consideration.

JAMES CLEMENT DUNN.

His Excellency
RAUL FERNANDES,
Minister of Foreign Affairs of Brazil,
Rio de Janeiro.

The Brazilian Minister of Foreign Affairs to the American Ambassador

[*Translation*]

MINISTRY OF FOREIGN AFFAIRS,
Rio de Janeiro, September 20, 1955.

DPo/DAI/152/620 6(20)

Mr. AMBASSADOR:

I have the honor to acknowledge receipt of note No. 28 of August 1, 1955, in which Your Excellency states that, in view of the ever greater community of interests between Brazil and the United States of America, and of both Governments' desire to develop this understanding through agreements aimed at increasing their mutual security and also the security of the hemisphere in the spirit of the Inter-American Treaty of Reciprocal Assistance and the Charter of the United Nations, the Government of the United States of America desires to enter into an agreement for the reorganization of the Joint Brazil-United States Military Commission on the following bases:

[For the terms of the agreement, U.S. note, above.]

2. In reply, I am happy to inform you that the Brazilian Government accepts the proposal submitted by Your Excellency and assumes, on this date, the commitments deriving therefrom.

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest consideration.

RAUL FERNANDES.

His Excellency
JAMES CLEMENT DUNN,
Ambassador of the United States of America.

AGREEMENT TO REPRODUCE UNCLASSIFIED CHARTS IN MODIFIED FACSIMILE

It is hereby agreed by the Director General of Hydrography and Navigation of the United States of Brazil and by the Hydrographer of the Navy of the United States of America that effective with the signing of this document their respective hydrographic offices will be authorized to reproduce the unclassified charts of the other office, in modified facsimile, for sale to the general public.

This Agreement is in accordance with the Resolutions adopted at the Seventh International Conference of the International Hydrographic Bureau.

S/ Pedro Paulo de Araujo Suzano
PEDRO PAULO DE ARAUJO SUZANO,
VADM
Director General of Hydrography and Navigation of the United States of Brazil.

Date: Dec. 4, 1959

/s/ H. G. Munson
H. G. MUNSON,
CAPT., U.S.N.,
Hydrographer of the Navy, United States of America.

Date: September 16, 1959

AGREEMENT CONCERNING RADIO RIO STATION (1962)

[Deleted]

AGREEMENT FOR OPERATION OF BALBOA/RECIFE CIRCUIT (1963).

[Deleted]

[Enclosure 2]

U.S. SECTION JOINT UNITED STATES-BRAZILIAN MILITARY COMMISSION

Command and Joint Staff

Maj./Gen. G. S. Beatty, Commander.
Capt. G. R. Webster, Aide.
Col. R. L. Smith. Chief Joint Staff and Secretary, U.S. Delegation.
Col. W. D. Clark, Liaison officer, Escola Superior De Guerra.
GS W. P. Renny, Plans officer.
Cdr. R. C. Brown, Plans officer.
Lt. Col. W. K. Heyer, Administrative officer.
Capt. R. S. Kobayashi, Finance officer.
E–8 H. C. Clause, Administrative NCO.
E–7 A. Rosado, Supply supervisor.

Army

Col. J. A. Goldes, Combat arms advisor.
Col. J. A. Font, Deputy Chief, operations.
Lt. Col. E. C. Winship, Artillery/ordnance advisor.
Lt. Col. V. D. McNamee, Engineering advisor.
Maj. R. E. De Mello, Signal advisor.
Lt. Col. C. L. Butler, Airborne/infantry advisor.
Lt. Col. L. J. Harper, Armored cavalry advisor.
Lt Col. V. Moya, Logistics advisor.
E–7 J. S. Lyon, Administrative NCO.

Navy

Rear/Adm. C. A. Hill, Chief.
Capt. W. J. Doyle, Sub chief, advisor to Naval War College.
Cdr. J. A. Roberts, Ship engineering and hull advisor.
Cdr. A. R. Gustafson, Supply/logistics advisor.
Lt. Col. T. J. Woodham, Marine training advisor and advisor to Naval War College.
Cdr. F. G. Haswell, Communications and research advisor.
E–7 H. N. Hinckley, Administrative yeoman.
E–7 J. A. Lomba, Assistant engineering advisor.
E–7 J. M. McCaughan, Assistant supply/logistics.
E–7 J. B. Storey, Map administration.

Air Force

Brig./Gen. J. J. Liset, Chief.
Col. R. C. Carnwright, Deputy chief, operations.
Maj. F. C. Morrison, Maintenance/supply advisor.
Lt. Col. W. A. Hamilton, Education/training advisor.
Maj. J. T. Stihl, Communications advisor.
E–8 R. C. Kilgore, Administrative supervisor.
Capt. J. R. Brewer, Operations advisor.
E–7 B. G. Hines, Assistant maintenance advisor.
E–6 C. Bosch, Assistant supply advisor.
E–7 J. K. Overbeck, Aircraft crew chief.
E–7 W. S. Amaral, Aircraft flight engineer.
E–7 L. A. Robbins, Aircraft radio operator.

[Enclosure 3]

Section 7. U.S. DELEGATION, JOINT BRAZIL, UNITED STATES-MILITARY COMMISSION (Rio de Janeiro, Brazil)

Organization Chart (Chart 21)

U.S. Delegation, Mission and Functions

Military Secretary

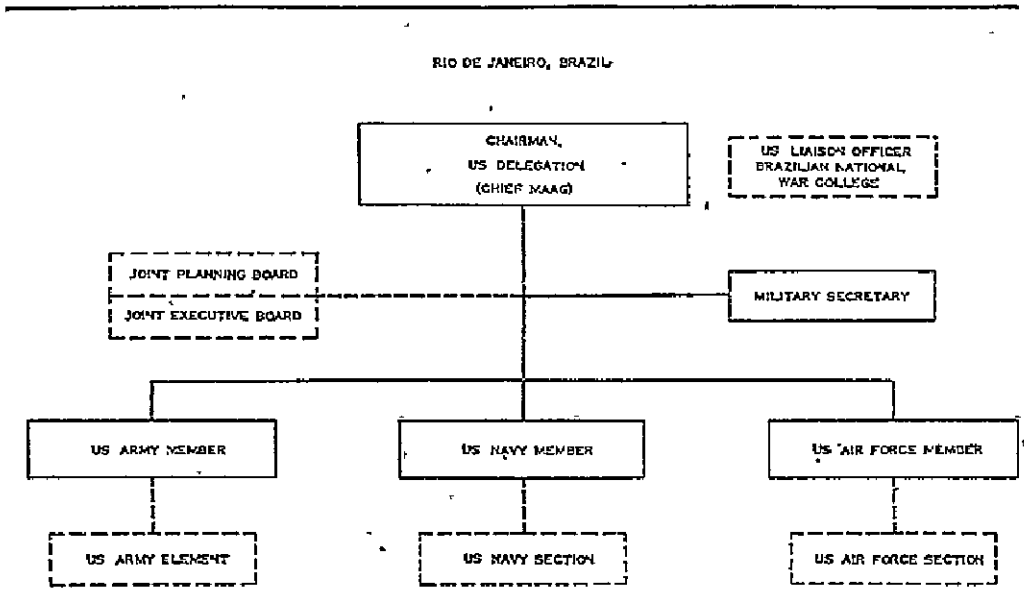

Chart 21

Organization: As shown on the US Delegation, Joint Brazil-United States Military Commission (JBUSMC) Organization Chart (Chart 21).

The JBUSMC is the principal agency in Brazil for facilitating military cooperation between the two countries. It is a bilateral organization for international cooperation and makes recommendations on bilateral military matters. It coordinates on matters of mutual concern with the Joint Brazil-United States Defense Commission in Washington, D.C.

U.S. DELEGATION

Mission: The US Delegation represents the United States on all matters coming before the JBUSMC, and participates with the Brazilian Delegation in arrangements for furthering the individual and mutual security of the two countries and the security of the hemisphere within the scope of the Inter-American Treaty of Reciprocal Assistance and the charter of the United Nations.

Functions:

1. To participate in the work of the JBUSMC and to represent the United States on all matters coming before the organ.
2. Make recommendations on subjects within its purview to the US Joint Chiefs of Staff, or to the military authorities designated by them.
3. Responsible for the preparation of bilateral studies.
4. Responsible for military matters as directed by appropriate military authority.
5. Additionally, the US Delegation, JBUSMC, performs the functions of a military assistance advisory group, and in this capacity is responsible to the commander of the unified command in the geographical area.

Functions:

1. Responsible for organization, administration, and operation of the Secretariat, US Delegation, JBUSMC.
2. Keep the Chairman and Delegates, US Delegation, JBUSMC, advised of all pertinent Joint Chiefs of Staff, Office Secretary of Defense, and State Department activities pertaining to Brazilian affairs.
3. Represent the Chairman, US Delegation, JBUSMC, in Commission matters pertaining to Brazilian civilian authorities, and be responsible for supervising commission matters pertaining to customs, police, port authoriites, and other agencies.
4. Responsible for maintaining constant liaison with the Brazilian Delegation, JBUSMC, and for coordinating and expediting actions of joint interest.
5. Maintain constant liaison, by personal conferences and visits, with appropriate Brazilian governmental departments and agencies, i.e., Ministry of Finance, Chief of Police, Director of Traffic, Post Office Department, Ministry of Foreign Affairs, Inspector of Customs, Port Director, and the Vehicle Registration Bureau, in order to facilitate JBUSMC interests within those agencies.
6. Maintain the central office of record for the US Delegation, the Joint Executive Board, the Joint Planning Board, and other boards or committees established by the US Delegation, JBUSMC, and is responsible for the security of all official matters pertaining thereto.
7. Prepare agenda for and record meetings of the US Delegation, the Joint Executive Board, and the Joint Planning Board. Coordinate inter-Service actions within the US Delegation, JBUSMC.
8. Monitor Department of Defense projects in Brazil as they pertain to US-Brazil relations.
9. Act as liaison officer with the United States Embassy for JBUSMC matters.
10. Provide for the translation and preparation of US Delegation documents and correspondence in the Portuguese language
11. Provide for arrangements in connection with international conferences.

[Enclosure 4]

TERMS OF REFERENCE, UNITED STATES MILITARY GROUPS

[Deleted]

[Enclosure 5]

VALUE OF MILITARY ASSISTANCE (INCLUDING TRAINING) AND SALES BY FISCAL YEAR

[In thousands of dollars]

	Military assistance		Excess (acquisition value)		Foreign military sales program			
	Program	Del.	Program	Del.	Cash	Credit	Total	Del.
Fiscal year:								
1950					(1)			90
1951					(1)			546
1952					(1)			4,220
1953	(1)	3,030	(1)	52,783	(1)			771
1954	(1)	17,566	(1)	5,017	(1)			402
1955	(1)	12,671	(1)	2,230	(1)			440
1956	(1)	7,774	(1)	564	(1)			875
1957	(1)	8,270	(1)	150	(1)			2,044
1958	(1)	18,205	(1)	2,802	(1)			1,457
1959	(1)	11,713	(1)	659	(1)			983
1960	(1)	18,121	(1)	2,256	(1)			5,079
1961	(1)	23,898	(1)	1,317	(1)			
1962	(1)	19,347	(1)	804	(1)			
1963	165,553	9,976	72,529	3,081	18,861		18,861	
1964	10,346	9,115	1,116	239	2,911	23,400	26,311	75
1965	11,144	11,440	2,252	1,690	238		238	3,491
1966	17,349	9,517	5,078	1,990	463	11,843	12,306	13,290
1967	12,215	13,446	1,523	2,964	1,539	18,434	19,973	6,099
1968	2,681	12,619	217	3,954	4,525	19,000	23,525	15,684
1969	[2] 805	6,636			2,163		2,163	17,700
1970	[2] 914	4,335		(3)	2,075		2,075	11,655
Total	221,007	217,679	82,715	82,500	32,775	72,677	105,452	84,901

[1] Program data not available by year prior to fiscal year 1964. Amounts shown in program columns for fiscal year 1963 are cumulative fiscal year 1950–63.
[2] Training only.
[3] Not available.

NUMBER OF STUDENT TRAINEES BY FISCAL YEAR

	United States	Panama	Total
Fiscal year.			
1950-1963	3,120	299	3,419
1964	304	54	358
1965	219	51	270
1966	353	126	479
1967	403	148	551
1968	527	66	593
1969	570	56	626
1970	515	47	562
Total	6,011	847	6,858

[Enclosure 6]

MILITARY ASSISTANCE TRAINING PROGRAM—BRAZIL

[Figures in parentheses are number of students trained overseas]

Category of training	Total number of students trained (fiscal years)						
	1964	1965	1966	1967	1968	1969	1970
Flying	----	----	------	6	9	11 (6)	3
Operations	65 (28)	50 (34)	46 (34)	29 (20)	16 (10)	11	24 (14)
Communication/electronics	35	21	8 (2)	22 (14)	16 (3)	30 (5)	30 (6)
Maintenance	22	14 (2)	59 (57)	91 (65)	24 (4)	14 (3)	9
Logistics	13	5	19 (2)	5	10	23	17 (1)
Administrative	7	4	------	5 (4)	----	2	1
Professional	58	54 (4)	51 (5)	80 (4)	70 (25)	80 (24)	72 (13)
Orientation	158 (26)	133 (22)	296 (26)	313 (41)	448 (24)	455 (18)	406 (13)
Missile	----	2	------	------	----	----	-----
Total students	358 (54)	283 (62)	479 (126)	551 (148)	593 (66)	626 (56)	562 (47)

PRINCIPAL COURSES PROVIDED WITHIN EACH CATEGORY OF TRAINING

Flying.—Pilot transition, Helo Instrument Pilot Instructor, Undergraduate Navigator, On-the-Job Aviation Training.

Logistics.—Army Logistics Management, ADPS Plans/Opns Officer, Foreign Officer Supply Course, Transportation Management, Budget Officer, Logistics Executive Development.

Operations.—Engineer Officer, Field Artillery Officer, Flight Safety Officer, Special Forces Officer, Foreign Officer ASW Course.

Administration.—Personnel Management, Chaplain Officer Career, Navy Shipyard Management, Technical Instructors.

Communications/Electronics.—Radio Systems Officer, Communications Officer, Electronics Technician, Air Traffic Control Officer, Ground Radar Sys Technician.

Professional.—Engineer Officer, Field Artillery Officer, Infantry Officer, Ordnance Officer, Signal Officer, Armor Officer, Command-Gen Staff Officer, Air Command and Staff College, Military Intelligence, Naval Command Course, English Language Training.

Maintenance.—Aircraft Maintenance Officer, Weather Equipment Repairman, Electronic Instrument Repairman, Aviation Machinst Mate, Engineer Equipment Maintenance.

Orientation.—Orientation Tours/Visits.

Missile.—Modern Weapons/Tactics.

U.S. POLICY OBJECTIVES

Mr. HOLT. General, on page 3 of your statement you say that the mission of the U.S. delegation is to assist the U.S. country team in Brazil in achieving U.S. policy objectives. How would you define those objectives?

General BEATTY. Well, very simply, I think. We want to maintain a mature relationship of assistance—economic and social—we want to

provide them the opportunity to develop in the best way that they can, and we want to do this at all times with the idea of a partnership as opposed to our being the paternal image in the act.

Mr. HOLT. In the next sentence on that same page you mention that the chairman and headquarters staff of the U.S. delegation are co-located with the Brazilian delegation in a Brazilian Government building. What is that building known as?

General BEATTY. It is known as the Palacio Monroe.

Mr. HOLT. What was it formerly used for?

General BEATTY. It was the Federal Senate prior to the move to Brasalia.

ROLE OF JOINT COMMISSION

Mr. HOLT. On page 4 you say at the top "the atmosphere has been and is today one of friendly cooperation and mutual respect in dealing with whatever matters may arise."

This refers to the joint commission. What matters do arise; what matters does the commission deal with?

General BEATTY. Well, primarily these days matters of training, that is the primary thing. Of course we have some follow on MAP coming up, and that is the sort of thing that we deal with. But these people feel very free to consult our people on matters of their own training, matters of technique, and matters of operational correctness in our view, and so on.

In other words, you can say that they seek advice on almost any matter concerning an armed force.

THREAT TO BRAZIL'S SECURITY

Mr. HOLT. In a letter to Senator Fulbright of July 2, 1970, Assistant Secretary Meyer wrote:

> The military mission's role in Brazil is primarily an advisory one. Under our military assistance agreement it helps the host government assess the threat to the nation's security and counsels on the strategy and tactics for dealing with the threat.

What is your assessment of the threat to Brazil's security?

General BEATTY. [Deleted.]

Mr. HOLT. Well, could you elaborate on that a little bit. Is it a serious threat, is it a minimal threat, what is the nature of it?

General BEATTY. [Deleted.]

Mr. HOLT. I am asking what it seems to you.

General BEATTY. [Deleted.]

Mr. HOLT. Well, the Assistant Secretary of State has said you helped Brazil assess the threat to the nation's security. If that is why you are in Brazil, you must have some notion about what the threat to Brazil's security is.

General BEATTY. [Deleted.]

Senator CHURCH. And the training you are giving now, General, relates primarily to this [deleted] threat.

General BEATTY. No. The training we give is training that would be apropos for any military force in any country regardless of the kind of threat. It is true that during the Kennedy administration there was an emphasis on counterguerrilla and counterrevolutionary train-

ing. Some of that still continues because, of course, that is a possible threat anywhere, but it is not aimed at this entirely. For instance, obviously the Navy's activities are mostly nonrelated. Much of the Air Force's activities are nonrelated to this.

LOCATION OF TRAINING PROGRAMS

Senator CHURCH. In connection with the training of Brazilian officers to which you referred, where does this training primarily take place?

General BEATTY. Primarily in the United States and in Panama.

Senator CHURCH. You have testified that your responsibilities are carried out under a command structure which runs through the Panama Command.

General BEATTY. Right.

Senator CHURCH. Could the training that you are now doing be accomplished satisfactorily without that Panama Command, that is could you maintain a training program of the kind you are now conducting and do it satisfactorily without functioning through the Panama Command?

General BEATTY. Yes, it could be done. It would be more difficult and, I believe, our South American friends would consider this a very direct slap in the face.

Senator CHURCH. Why?

General BEATTY. Primarily because they have become accustomed to it. They know that this is there, it is an evidence of interest in that part of the world, and they recognize that the weight of that headquarters has been used on a number of occasions to assist them in getting things which they felt were necessary to their own programs and their own countries.

Senator CHURCH. Could the training that is now taking place at Panama take place within the United States itself at military bases here in our own country so far as the program itself is concerned?

Could it be conducted satisfactorily in military facilities located in the United States?

General BEATTY. Most of them, I think with the possible exception of the jungle training, sir. There we have the ideal setup; we really don't have a good jungle in the United States of the normal description. It would be much more expensive.

Senator CHURCH. We also have a lot of asphalt jungles. [Laughter.] That is all we have at the moment.

Mr. HOLT. [Deleted.]

General BEATTY. Yes.

U.S. ADVICE ON INTERNAL SECURITY THREATS

Mr. HOLT. And Secretary Meyer has told us that one of your jobs is to counsel on the strategy and tactics for dealing with the threat. What advice have you given or do you give the Brazilians for dealing with the threat to their internal security?

General BEATTY. Not a bit; none, because they don't ask.

Mr. HOLT. In this same connection in the material which the Defense Department submitted to the subcommittee last December in response to some questions, it said that:

As the result of post-war collaboration U.S. concepts of hemispheric defense were adopted as the basis for common defense planning and standardization of equipment.

In a second series of questions the subcommittee asked what were U.S. concepts of hemispheric defense, and received an answer which in pertinent part reads as follows:

U.S. concepts of hemispheric defense changed during the post-war period in response to the perception of the threat. Today our policy is to assist Latin American nations to develop their capabilities to counter internal security threats.

Now, if I understand you correctly you are saying you are not doing anything to advise the Brazilians on how to counter their internal security threat?

General BEATTY. It depends on how you define advice, Pat, because from the standpoint——

Mr. HOLT. Well, advice, counsel was Secretary Meyer's word.

General BEATTY. Yes.

Mr. HOLT. Or what are you doing in the words of the Defense Department to assist them to counter the threat.

General BEATTY. In all of this training, of course, there are things that are done which assist them to make their units more responsive, more mobile, more capable; and as more capable military forces they are therefore useful to them in handling this problem. But from the standpoint of my advising the Brazilian military on how to take care of their internal threat they simply don't ask how I would do it, and I don't offer to tell them.

Senator CHURCH. I would like to just follow up. That makes a great deal of sense to me, that is how I would have expected it to be, and I appreciate your frankness, because we are trying to get at the basic facts here.

What you are really doing then, General, is furnishing training most of which takes place in the United States or in Panama——

General BEATTY. Right.

Senator CHURCH (continuing). To upgrade the professional standards of the military as we might upgrade our own standards, that is in accordance with our own concept of a well-trained and operated professional military force.

General BEATTY. Right.

Senator CHURCH. All right.

Mr. HOLT. But to follow up what Senator Church was saying, after they have received this training what they do with it is quite outside your area of concern.

General BEATTY. Yes.

SUBJECTS COVERED IN TRAINING COURSES

Mr. HOLT. I think at this point, Mr. Chairman, it might be well to put in the record some of the points which are covered in some of the training courses which Brazilians receive in the United States. These come from a number of course outlines which were submitted to the subcommittee by the Defense Department and in case we are misinterpreting what is involved here it would be well for General Beatty or the Defense Department to comment or otherwise elaborate on it.

Some of the topics that come from these course outlines deal with

censorship, checkpoint systems, chemical and biological operations, briefings on the CIA, civic action and civil affairs, clandestine operations, communism and democracy, cordon and search operations, counterguerrilla operations, cryptography, defoliation, dissent in the United States, electronic intelligence, electronic warfare and countermeasures, the use of informants, insurgency intelligence, counterintelligence, subversion, countersubversion, espionage, counterespionage, interrogation of prisoners and suspects, handling mass rallies and meetings, nuclear weapons effects, intelligence photography, polygraphs, populace and resources control, psychological operations, raids and searches, riots, special warfare, surveillance, terror, and undercover operations.

Do you have any comment on this, either now or later?

General BEATTY. No, I think those are all subjects in some and probably a number of intelligence courses, differing ones, depending on the level. I think the senior officer courses have some things and the NCO courses have others but I would have to look at it, you have been looking at it so I assume they are subjects in the courses but they sound like they would be.

Mr. HOLT. And you don't know to what use the Brazilians put this training after they have gotten it?

General BEATTY. No. The men usually wind up being intelligence instructors in one of their schools. That is what they usually do.

Senator CHURCH. General, is there a heavy emphasis on military intelligence in your training courses?

General BEATTY. No, sir; no more than any other. They are interested in intelligence as any military group would be but I don't see that there is any overemphasis or great emphasis even. They are interested in it. They are also interested in how to fire artillery pieces, too.

DIFFERENCE BETWEEN JOINT BRAZIL-UNITED STATES MILITARY COMMISSION AND DEFENSE COMMISSION

Mr. HOLT. Could you distinguish between the Joint Brazil-United States Military Commission and the Joint Brazil-United States Defense Commission?

General BEATTY. I would be glad to. They were created at the same time, and the Military Commission is in Brazil. The Defense Commission is here in Washington. The Military Commission is chaired, presided over, by a Brazilian; the Defense Commission is presided over here by an American.

Mr. HOLT. Do they do substantially the same things?

General BEATTY. Actually the Defense Commission has had less business in recent years than it had when it was created, apparently for the reason that so much of the Brazilian arrangements for students, for travel, et cetera, in the United States is handled through other agencies such as the Inter-American Defense Board or the attaché or the Military Purchasing Commission so that the Defense Commission has found itself less occupied than it was in years gone by. They consult very seldom, as I understand it, but are available, and everyone is on it on an ad hoc basis; that is to say he is a member of it in addition to his other duties. This includes both the Brazilians and the Americans.

Mr. HOLT. Could you tell us or could you supply for the record the numbers of Brazilians and the numbers of Americans who are on this Defense Commission?

General BEATTY. Yes. There are three Brazilian and three U.S. members of the Defense Commission.

Mr. HOLT. On that point we have for the record your statement about the size of your group in Rio. Could you also give us a statement about the number of your Brazilian counterparts, that is, the Brazilian delegation to the Joint Brazil-United States Military Commission?

General BEATTY. Actually they have 14 people assigned. What they have is a small headquarters-type organization similar to mine and then of course they have designated in the Army, Navy, and Air Force certain flag or general officers who are, in addition to their other duties, members of the Commission, and they meet on the call of the president. Of course they have access to the entire armed forces in the same way that our Defense Commission president here has access to all the staffs of the Army, Navy, and Air Force, so it really isn't a problem. Therefore there are just a small number of people assigned.

WORK OF JOINT COMMISSIONS

Mr. HOLT. In the material which DOD submitted to the subcommittee it said that the objectives of both the Defense Commission and the Military Commission are, among other things to "facilitate preparation of joint military planning between the two Governments."

How much and what kind of joint military planning do you do?

General BEATTY. Well, I think that is largely outdated in the sense of planning for what we used to consider a large military operation. The planning we do together now is planning for this military training that we have. That is, the main planning that we do together is how we can do it with funds available, and how and who to send and what course and so forth.

Senator CHURCH. Isn't that work done in other Latin countries by the military assistance group, General?

General BEATTY. Yes, it is.

Senator CHURCH. Is your commission which does the same kind of work in Brazil comparable in size to a military advisory group that would do this kind of work? I mean, is this just a question of nomenclature or is there considerable difference in the headquarters setup, in the rank and numbers involved?

General BEATTY. Actually it is mostly a matter of terminology. The Joint Brazil-United States Military Commission, as I said, has been in existence a long time. The Brazilians like it in as much as it indicates a partnership kind of operation [deleted].

Senator CHURCH. Your commission has historic roots that date back to the Second World War, is that correct?

General BEATTY. That is correct. But the work we do is essentially the same as is done by MAAG's or missions, they have many different names depending on what the country likes to call them.

Brazil likes to keep its title which in Portuguese is a mixed commission, and they like it.

Mr. HOLT. You have said most of the joint planning now is really concerned with training and selection of people and so on. Could you

elaborate a little bit on how that works? Do you or your people go to the Brazilians and say "we think you need to emphasize artillery or air navigation or intelligence, or whatever," or do they come to you and say "we have so many people we want trained in infantry tactics or signal corps or something else?"

General BEATTY. It really sort of evolves out of this day-to-day operation. In other words, our people are out with these people and their units and their schools, and sometimes it is our man who sees something going on and says "we do this a different way. You, I think, could do it better if you would try our way." But more often really they come and say "we feel we have a need for an electronic repairman, what can you offer us in the way of training for electronics repairmen."

So we say "OK," we get out the catalogue, "here is what we can offer you. It depends on the level of training he has already had. We can put him in at the bottom or we can have him working on the electronics of the most sophisticated type."

So the simple answer is most of the time they are asking us. Sometimes we indicate an area in which we believe they can profit by using the course that we have.

FUNDING OF COURSES

Senator CHURCH. Do we pay the full cost of the course?

General BEATTY. The course costs, yes, sir.

Senator CHURCH. What does the Brazilian Government pay in connection with the training that we furnish?

General BEATTY. It depends. Of course they pay the man's pay and allowances and housing and all this sort of thing. The course costs I think we pay in most cases.

Senator CHURCH. What about the transportation costs for the trainees to and from the United States?

General BEATTY. These are paid by military assistance program funds.

Mr. HOLT. Do you ever turn down Brazilian requests for training on the grounds that the training they are seeking is inappropriate?

General BEATTY. Happily we have never had to.

Mr. HOLT. If you turn them down at all is it because there aren't spaces available in training schools?

General BEATTY. That is right.

INTER-AMERICAN GEODETIC SURVEY

Mr. HOLT. Let me turn now briefly to the Inter-American Geodetic Survey. You say on page 4 it is contemplated that this unit will continue its work with the four military and six civilian spaces currently authorized.

The Foreign Relations Committee has been informed in connection with something else by the Defense Department that the Inter-American Geodetic Survey is being ended.

General BEATTY. It is news to me.

Mr. HOLT. Is our other information erroneous or is there a special situation in Brazil?

General BEATTY. It is news to me. I had not heard that; no, sir. If it is going to be terminated I had not heard about it.

Senator CHURCH. Can you be a little more specific, General, about the work being done by this geodetic survey? Is it simply——

MAPPING OF BRAZIL

General BEATTY. I will be as specific as I can, sir. What personnel there are from the U.S. side are a couple of military engineers, and the civilians are geographers, cartographers, geophysicists, and they work with the Brazilian authorities in efforts to set up their geodesy of their areas in an orderly way so that they can get Brazil mapped. They are working on this, and have made some progress.

Senator CHURCH. Yes.

I am wondering about the military connection. Why should this be a military program?

General BEATTY. Well, it isn't really a military program in its overall sense except that it is aimed at mapping and, of course, our engineers have been our mappers for many, many years, but the people involved in it are largely civilian scientists who have expertise in the field. Of course, the military people who are there are engineers and they are people who have background in the mapmaking business.

Senator CHURCH. Well, is mapping carried on in Brazil by the military or by civilians or do you know?

General BEATTY. No; it is done by two outfits whose names I can get for you. One is military and one is civilian, but they work in collaboration—the actual names are the Instituto Brasilero da Geografica, which is the civilian agency, and then the Diretoria do Servicio Geografico is the army mapping agency under the armed forces general staff.

There are 11 other private, State, and Government agencies that cooperate.

Senator CHURCH. What percentage of Brazil has been mapped, do you know?

General BEATTY. I don't know, sir. We can find out and let you know.

(The following information was subsequently furnished for the record:)

Basic mapping has been completed for only 6% of the country. However, about 47% of Brazil has been covered by aerial photography in preparation for mapping.

Senator CHURCH. In connection with this activity are we furnished the maps or copies of the maps that are made?

General BEATTY. Yes, we are.

Senator CHURCH. So that we will secure full detailed and accurate maps of Brazil as an end product of the help we give; is that correct?

General BEATTY. Exactly. We do this through——

Senator CHURCH. Is that our national interest in this particular program?

General BEATTY. I think so.

Senator CHURCH. Very well.

LOCATION OF NAVY COMMUNICATIONS TECHNICAL GROUP

Mr. HOLT. I would like to turn now to the Navy Communications Technical Group Rio which you describe briefly on page 4.

You are familiar, I think, with the press reports about its relationship or its physical proximity to a room in the Navy Ministry in Rio where prisoners are interrogated. Could you tell us about that?

General BEATTY. Yes. I know, I read the same article you did, and at the time I inquired into it to see what was known on our side, and every individual of NAVCOMTECH Group Rio interviewed by the chief of the navy section stated that he had no knowledge of such goings on and further that he had not made any statements or had any conversations with any members of the press which, inasmuch as the start of the thing came from one of those who was expelled from Brazil and was in Chile when the man talked to him or her, made it seem like maybe there wasn't as much to it as was originally thought.

Mr. HOLT. I have a copy here of an Associated Press story from Rio which says:

U.S. Naval mission here is on the same floor in the Brazilian Navy Ministry as a room in which political prisoners claim to have been tortured.

One American assigned to the floor said recently "I have been hearing screams and groans for about two years. I was frightened." Other U.S. personnel were reported to have seen Brazilians being dragged to and from the interrogation room by Brazilian naval agents.

No one, insofar as can be determined has ever reported anything about it to U.S. Navy officials or the U.S. Embassy.

Admiral Clarence Hill, Commander of the U.S. Mission, said he knew nothing "about this kind of thing."

But after newsmen began making further inquiries of U.S. personnel there, Hill ordered them not to discuss the subject. The American was reported hearing screams would no longer talk about it.

Do you know if Admiral Hill gave such an order?

General BEATTY. That is not a real accurate description of what he did. He invoked a standard——

Mr. HOLT. Please give us an accurate description.

General BEATTY. He invoked a Navy regulation which requires that if there are things out of line in any organization these facts be made known to persons in the chain of command, that is what he told them. And that is the same time that they all said, "I didn't know about it and I didn't talk to anybody about it."

Mr. HOLT. Do you know what the rest of this particular floor in the Navy Ministry in Rio is used for?

General BEATTY. A simple answer is no. [Deleted.]

Mr. HOLT. I think if you could supply for the record a statement of such information as you can get on what it is used for it would be useful.

(The following information was subsequently furnished for the record:)

In addition to NAVCOMMTECHGRU (Radio Rio) and the Navy Section, USMILGP, the 7th floor is occupied by Brazilian Naval Communications offices, Brazilian First Naval District Headquarters and a portion of the offices of the Brazilian Chief of Naval Operations.

Mr. HOLT. Why is the Navy Communications Technical Group housed in this particular location?

General BEATTY. I think because this is the headquarters, this is the Navy Ministry, and this is where they have their naval communications. And when we undertook to be their technical advisers and to work hand and glove with them this is where they said we were going to work.

HISTORY OF COMMUNICATIONS TECHNICAL GROUP

Mr. HOLT. Could you give us a little of the history of this particular communications group, how it started and what its present status in relationship to the Brazilian Navy is.

General BEATTY. As I understand it during World War II we had a separate radio Rio, U.S. owned and operated installation. This was operated for a period of time, and then at some point the Brazilian Government decided they didn't want an outside country operating a radio facility over which they had absolutely no control, so initially, and again I would have to go back and check the actual fact, but I understand an approach was made and they said "well, close down your station." And we then made an approach and said "well, how about let's work something out," and what we worked out was NAVCOMTECH Group Rio in which we furnish half the personnel, they furnish half the personnel, and the thing operates 24 hours a day for their benefit and for our benefit, and we also furnish the technical assistance that I described earlier in the statement.

Senator CHURCH. In connection with that facility, the arrangement then is such that if the Brazilian half of the operation were to object they would be in a position to prevent the broadcast of messages, would they not?

General BEATTY. If they were to object they could close us down tomorrow, sir.

IMPORTANCE OF COMMUNICATIONS GROUP TO NAVY

Senator CHURCH. Yes. Well now, how essential is this facility to the Navy? Can you give us more information on that?

General BEATTY. I can tell you what I have been told. I am not a communicator but I am told that this is the only facility of its kind in this part of the world and that without it we would have to put up another station of some kind so that we could communicate with our naval vessels in the South Atlantic.

Senator CHURCH. Can you tell us whether or not this facility is relied upon to maintain contact with our nuclear submarines in the South Atlantic?

General BEATTY. No, sir; it is not.

Senator CHURCH. And are you testifying that if this facility did not exist we could not maintain contact with our other ships through alternate facilities?

General BEATTY. We could do it but we would have to put up something else.

Senator CHURCH. In its place?

General BEATTY. In its place. If they were to close it on us tomorrow I am sure we could get something going so we could communicate with our vessels but we would have to do something additional that we are not now doing.

Senator CHURCH. We have no global communications system with naval vessels that does not depend upon facilities of this kind located in foreign countries, if that is the case. Are facilities like this one in Brazil also located in certain other countries in order to give us global communcation with the Navy?

General BEATTY. I don't know. This is the only one I know about.

Senator CHURCH. You see what concerns me is if this Brazilian facility is really necessary in order to reach or communicate with naval vessels in the South Atlantic, then I suppose it would follow that some comparable kind of facility would be necessary to reach and communicate with naval vessels in the Indian Ocean and in the South Pacific and in other parts of the world.

General BEATTY. I honestly don't know. I can find out for you and let you know, but I don't know.

Senator CHURCH. I think for the record we ought to know whether this is the case because I think there is a general assumption that we are in a position to reach our naval vessels, particularly our Polaris submarines anywhere in the world on the basis of a communication network that is global in scope, but this is a highly technical question. I don't know the answer to it, and this just raises the question in my mind that perhaps there are in addition to the facilities in Brazil a number of others that we really must rely upon, facilities located in foreign lands in order to maintain global contact with these vessels.

General BEATTY. I am under the impression, Mr. Chairman, that there are vessels of ours, nuclear subs being among them, who have this capability, but that it is not true in bulk of our ships, and therefore we do need a radio facility of this type.

Senator CHURCH. I see. If you could supply for the record an authoritative statement on this general question it would be appreciated.

General BEATTY. Yes, sir.

Mr. HOLT. Include in that, if you would, General, whether satellites could be used in lieu of this shore station.

(The information follows:)

The U.S. Navy operates a worldwide Naval Communications System which provides communications support to fleet operating units and Naval shore establishments. The system is, in effect, an extension of the Defense Communications System (DCS) which is designed to provide communications support worldwide to virtually all elements of the Department of Defense. Operating as part of the Naval Communications System, 26 Naval Communications Stations (NAVCOMMSTA), both in the United States and overseas, provide operating units communications services and act as vital links relaying commands and directives from the national command authorities to on-scene commanders. The services provided by these communications stations enable the national command authorities to exercise firm command and control over fleet operating units to ensure rapid, effective response to Presidential direction regardless of the location of the Naval Forces. The services and support provided fleet units include multi-channel and single channel radioteletypewriter broadcasts, Morse or Carrier Wave (CW) broadcasts, facsimile broadcasts, weather and hydrographic data broadcasts, special broadcasts for merchant shipping, single and multi-channel ship to shore radioteletypewriter circuitry. Morse or carrier wave ship to shore circuitry, entry into the worldwide voice radio networks and into the DCS worldwide telephone networks.

In addition, the Navy operates special submarine broadcasts employing very low frequency (VLF) systems. These systems were developed for command and control of submarines to take advantage of the physical principle that VLF radio waves penetrate sea water; thus permitting the submarines to remain completely submerged while receiving communications. The transmitter stations;

because of other physical principles must be extremely large and powerful and are therefore very expensive. These transmissions are reliable at long ranges, thus permitting coverage of large portions of the oceans from relatively few stations. [Deleted.]

In addition to the Naval Communications Stations above, numerous smaller units throughout the world perform specialized functions in support of the Naval Communications System and the Defense Communications System. These facilities may or may not perform any or all of the functions of a Naval Communications Station. One of these specialized units is the Naval Communications Technical Group, Rio de Janeiro (NAVCOMMTECHGRU RIO), whose mission is to provide technical training and operational assistance to the Brazilian Navy in order to make possible the communications assistance of the Brazilian Naval Communications System to the U.S. Navy and other U.S. Governmental Agencies

[Deleted.] Three activities are currently providing communications support to fleet units in the South Atlantic: the U.S. Air Force facility on Ascension Island. the State Department Regional Relay Facility at Monrovia and the Naval Communications Technical Group Rio de Janeiro. NAVCOMMTECHGRU RIO, through the facilities of the Brazilian Naval Communications System, is the primary, [deleted] source of coverage of the South Atlantic areas.

[Deleted.]

Satellite communications systems [deleted].

In addition to supporting USN ships, NAVCOMMTECHGRU RIO also provides communications support to the U.S. Coast Guard, the International Ice Patrol and U.S. Military aircraft when needed. The Brazilian Naval Radio Station, Rio de Janeiro, (Radio Rio), of which NAVCOMMTECHGRU is a division, also provides communications support to the Brazilian Navy, other South American Navies, Merchant shipping and to the U.S Navy when requested by the U.S. Chief of Naval Operations and with the concurrence of Brazilian authorities.

OPERATIONS OF COMMUNICATIONS GROUP

Mr. HOLT. Is this purely a U.S. Navy operation, or does it serve the Brazilian Navy as well?

General BEATTY. Yes; a joint Navy operation.

Mr. HOLT. Does it handle commercial or non-Navy traffic?

General BEATTY. Well, yes; it handles non-Navy traffic. It handles mine; it handles my traffic.

Mr. HOLT. To the South Atlantic?

General BEATTY. Negative. It handles mine to Panama for instance, or to Washington.

Mr. HOLT. Does it also handle the American Embassy's?

General BEATTY. Negative.

Mr. HOLT. It does not.

General BEATTY. It could. It serves as a backup in the event something would happen, but at the moment it does not.

Mr. HOLT. So it handles Brazilian Navy traffic and U.S. Navy traffic and your military traffic to Panama and that is all?

General BEATTY. Yes.

Mr. HOLT. How do American merchant ships in the South Atlantic communicate without this facility?

General BEATTY. Well, you may be quite right, they probably do communicate with this radio station, I don't know. In other words, when I said Navy I was thinking Brazilian Navy, but I think it includes Brazilian merchant ships.

Mr. HOLT. Well, does it include merchant ships of all nations?

General BEATTY. I guess so. I will have to find out. I just don't know.

Mr. HOLT. If you could. Does it include naval vessels of any countries other than the United States and Brazil?

General BEATTY. It does once a year for——

Mr. HOLT. Operation Unitas.

General BEATTY. Unitas.

Mr. HOLT. The Soviet Union sends naval vessels into the South Atlantic from time to time, does it not?

General BEATTY. I am sure they do.

Mr. HOLT. Do you know how they communicate?

General BEATTY. No, I don't.

Mr. HOLT. If you could clarify for the record as many of these things we have been talking about as you can it would be appreciated.

(The information follows:)

The Soviet Navy has begun to operate at great distances from its home territory only in the past few years and has not yet developed the requirements for a high volume communications system. In cases where propagation difficulties over long distances preclude the use of communications modes, usually employed near its homeland, the Soviet Navy relies upon Morse communications, a form of communications which would be especially ineffective for the high volume communications encountered in a modern emergency or wartime situation.

Access to or use of the Brazilian Naval Communications System is a matter of Brazilian national policy. NAVCOMMTECHGRURIO has no transmitter and receiver facilities under its unilateral control. These facilities are Brazilian and, therefore, subject to Brazilian policies. When requested on a CNO to CNO level, Brazilian facilities have been made available for U.S. Navy support requirements.

Vessels of the Soviet Union, as do those of all nations, have access to U.S. Naval Communications facilities worldwide in cases of maritime emergency or safety of life at sea. If required for such cases, the U.S. Navy would request Brazilian Naval Communications support for Soviet vessels as it would for vessels of any nation. The technical and operational assistance and advice of NAVCOMMTECHGRU RIO personnel would be made available as it is now.

Senator CHURCH. What we really are trying to get at, General, is the present necessity for the maintenance of such an installation. You know there is a tendency for installations to be established when there is a need for them and then just to continue on indefinitely.

General BEATTY. Yes; because it is there.

Senator CHURCH. Yes; because it is there.

Have you any further questions on that facility?

Mr. HOLT. On this particular point, no.

PURPOSE OF DEFENSE RESEARCH OFFICE

Senator CHURCH. I want to go on to another one that intrigues me. In your statement, page 4, General, you say:

The Defense Research Office Latin America was established in 1962 in Rio de Janeiro and was constituted of Army and Air Force elements until May 1970 when the Air Force ceased to participate. The present staff is one civilian and one locally hired secretary. The mission of this office is to serve as a contact point for South American scientists and research agencies for receiving and evaluating research proposals pertinent to R&D mission of the U.S.; arrange for negotiating or executing grants for research proposals received, and provide Defense representation as appropriate at scientific meetings which are related to the R&D program.

If I have ever heard language straining to justify one civilian and a secretary in the matter of research work, scientific research work, this is it. Is this really necessary?

General BEATTY. I think this fellow stays quite busy. He has many proposals made, some of which are interesting, and some of which are taken up. I am not enough of a scientist to know how important this

is. I gather that it is important and that he has picked up some very interesting projects.

Senator CHURCH. But you couldn't tell us what they were.

General BEATTY. Yes, I can tell you what they were. They have mainly to do with medical research. They get into what I would call exotic diseases or diseases that have resisted solution by people to date, and so some guy has a new idea, so they give him $15,000 and he works on it for a couple of years to see what he can find out.

Senator CHURCH. Is this being paid for by the military, through the military budget?

General BEATTY. Yes, it sure is.

FUNDING OF RESEARCH

Senator CHURCH. How much money does this involve each year?

General BEATTY. Not very much, $199,000 is the current program. Theoretical physics, biological and medical sciences primarily, eight grants in Brazil, one in Chile, one in Colombia, two in Peru, and one in Uruguay.

Senator CHURCH. Don't you think this kind of work can better be carried on by our institutes of science and of medicine set up and generously funded for this purpose? I fail to see the military connection.

General BEATTY. I would say that this is apparently straight research. It is blind alley kind of research where you put your money on the horse and if he falls dead why, that is it. On the other hand it may be the answer like the Salk vaccine.

Senator CHURCH. But how is this related to a military function?

General BEATTY. Well, in these cases, I would say it is related primarily to this business of our medical research.

Senator CHURCH. And this fellow, with his secretary, is the conduit for grants, research grants?

General BEATTY. Exactly.

Senator CHURCH. In this field?

General BEATTY. Right.

Senator CHURCH. Which are financed out of our military budget?

General BEATTY. Right. Conduit is a good word. He is simply a point of contact.

WORK OF MILITARY AIRLIFT COMMAND

Mr. HOLT. I would like to go now to the Military Airlift Command liaison detachment which you say facilitates the arrival, maintenance, loading and dispatch of military aircraft transiting Rio and it is expected that a detachment of this type will be required as long as MAC flights are scheduled through Rio. How many MAC flights are there through Rio in a typical week?

General BEATTY. One.

Mr. HOLT. Why could not the air attaché facilitate their arrival, maintenance, et cetera?

General BEATTY. Well, I think it is a question of how much can one man do and, of course, as you know airplanes coming in from long distances are often late, and when they come in they often have problems, and the air attaché is normally doing other things, and for him to be in touch with the local contract maintenance people and to scurry

up parts and things like that, I think would be more than he could really do.

Mr. HOLT. When one refers to the air attaché, is there more than one?

General BEATTY. Well, there are two. But the other guy has to fly the embassy aircraft, they both do, so should the Ambassador want to be gone some place the day the MAC flight comes in we would be in dire distress.

Mr. HOLT. What is required to facilitate this one flight a week other than a telephone call to the control tower at Galeao or to the Air Ministry saying "we have a flight coming in and this is its flight plan and ETA will you please let him land?"

General BEATTY. We have to arrange for the off-loading and the warehousing or the transportation of whatever is on board in the way of material and so actually the guy in the course of arrival of one aircraft a week normally spends the better part of 3 days working on his problem. As you know getting things through customs is not the simplest thing even if you know the ropes and if you don't know the ropes you might as well forget it.

Mr. HOLT. What is the purpose of this one MAC flight per week?

General BEATTY. It is to provide contact between the United States, Puerto Rico, Panama, and then the capitals in South America, and it brings both people and things.

Mr. HOLT. What kind of things?

General BEATTY. I can't honestly answer that one now, Pat. It used to be in our case, and still is to a certain extent, MAP follow-on parts and things like that and I suspect it is a good part of what it is in other places.

It is a very small amount of stuff but it is the kind of things that they always need.

Mr. HOLT. These wouldn't be subject to customs clearance.

General BEATTY. Everything has to come through. Somebody has got to let it off the field.

Mr. HOLT. But there are all kinds of agreements in here which I want to discuss a little bit more later on which say——

General BEATTY. Not subject to duty.

Mr. HOLT. Right.

General BEATTY. That is right, that is true, and I am not subject to going through a lot of stuff when I get there with a diplomatic passport it says here but I still don't go wandering through.

Mr. HOLT. What sort of people, who are the people who ride on this MAC flight?

General BEATTY. People from the States, from Panama and from the other capitals who are on business to the other capitals around the line, sometimes military training teams, sometimes inspection teams, sometimes people on orders from here in Washington.

Mr. HOLT. It wouldn't be cheaper to buy them a ticket on Pan American?

General BEATTY. It depends. If we are just sending one guy, I would say sure, it would be a whole lot cheaper.

I think there is enough—MAC can no doubt justify the flight to you better than I can in terms of requirements and tonnage and passenger lists, but it appears to me that it is a well-used facility.

PURPOSE OF MAC FLIGHTS

Mr. HOLT. I notice in one of the documents you supplied from SOUTHCOM, terms of reference U.S. military groups, there is a provision in paragraph 4(d) "normally administrative logistical support of the U.S. military group will be provided by the host government in accordance with the appropriate bilateral agreement and or by the U.S. Embassy in the host country."

In view of that, why do you need the MAC flight? Why doesn't the Brazilian Government provide this kind of support?

General BEATTY. I am not sure what you mean, Pat.

Mr. HOLT. Well maybe I am confused.

General BEATTY. What kind of support?

Mr. HOLT. I am confused by the purpose of the MAC flight. I thought it was to provide logistical support for the military group and the rest of the American establishment in Rio.

General BEATTY. Only partially. The administrative support for the military groups in South America is not dependent entirely on the MAC flight.

Mr. HOLT. And the MAC flight does other things than provide provide logistical support for you?

General BEATTY. Well, yes, it partly supplies Argentina, Paraguay and so on.

Mr. HOLT. No, but I am talking about in Brazil.

General BEATTY. Well, a lot of the materiel and personnel are transiting, many times they spend the night, which again is a problem that has to be handled when you have 12, 15 people who would have to stay overnight while the crew gets crew rest and the aircraft is maintained. The detachment personnel must prepare flight briefings, including weather forecasts, for the flight crew, arrange for aircraft maintenance, file proposed flight plans, and arrange for the handling of both classified and unclassified materials. These are just some of the things. Of course there is Medevac: people are sent to Panama on this plane when they have problems that need attention and can be handled in Panama.

Mr. HOLT. How often does that happen?

General BEATTY. Well, in our case I would say we send people about once a month, about two people once a month. We are just one of the many countries that have people going there.

Mr. HOLT. Yes.

U.S. PERSONNEL COSTS IN MAP?

You say the current fiscal year 1971 military assistance program consists of $906,000, as opposed to the proposed [deleted] in fiscal year 1972. Does that include U.S. salaries and allowances?

General Beatty. I don't think so, but I will have to find out for sure.

(The information follows:)

Although salaries of military instructors involved in training are not included under the Military Assistance Program, the salaries of civilian instructors are as part of the overall course costs. Salaries and allowances of U.S. military personnel in JBUSMC are not included in MAP.

ORIENTATION TOURS

Mr. HOLT. In your statement, referring to Brazilian trainees in the United States, you say student orientation is accomplished also by the U.S. training facility, and mention specifically visits to Congress. Could you supply for the record how many visits to Congress there have been in the last year of the people you are talking about in this?

General BEATTY. It would take a long time because I would have to go to the infantry school, the artillery school, the engineer school, aviation school, and so forth. I can tell you what I did in the flight training center. We used to send about 60 Vietnamese once a week.

Mr. HOLT. To Congress?

General BEATTY. Sure. Let me say they came to Capitol Hill. I can't tell you who they saw over here, but somebody who was available, I hope.

Mr. HOLT. I see a lot of visiting foreigners but very rarely a Brazilian or Vietnamese military trainee.

In following this up, in connection with the orientation visits of high level civilians and military, students in the War College and people of that sort, I would like, with your permission, Mr. Chairman, to insert in the record the programs of the visits of some of those groups in the last few years which we received from the Defense Department.

Senator CHURCH. Very well.

(The information follows:)

The U S. Army conducted the following orientation tours of Brazilian officers during the past three years:

FY 1968—None.

FY 1969—Orientation Tour, Brazil, 195–69, Army Command and General Staff College.

FY 1970—Orientation Tour, Brazil, 25–I–70, National War College.
—Orientation Tour, Brazil, 25–II–70, National War College.
—Orientation Tour, Brazil, 195–70, Army Command and General Staff College.

Itineraries, Americans met by Brazilians while on tour, numbers of personnel on each tour, and the cost and funding for each tour are attached.

The itineraries for the orientation tours conducted for the Brazilian personnel included military and civilian activities to give the visitors a cross-section of American life covering economic, political, and social facets as well as the military. During the Washington, D.C., portion of the orientation tours, *visits to the Capitol*, the Department of State, and to historical sites are arranged within the time available.

The United States defense effort is emphasized to the Brazilians by visits to several military installations for observation of training and equipment, *especially the latest weapons developed for defense*. Time permitting, groups are also scheduled to visit Cape Kennedy for briefings on the Apollo and other space programs. The military installations emphasize the role of the military and the civilian community and visits include an opportunity to observe local governments in operation, local industrial plants, public schools, agricultural areas, and cultural affairs.

Guests lists for social functions hosted by the activities visited for the Brazilian personnel include prominent local civilian personnel as well as the military personnel in the area, thus giving the visitors an opportunity to meet informally with American personnel. Whenever possible, visits to homes of Americans are arranged. It is through these visits that lasting friendships are cemented and the foreign personnel gain a thorough knowledge of the American way of life.

ORIENTATION TOUR, BRAZIL, 195-69—ARMY COMMAND AND GENERAL STAFF COLLEGE

ITINERARY

Date: 6 June 1969 through 28 June 1969
Fort Sill, Oklahoma
United States Army Command and General Staff College, Fort Leavenworth, Kansas
Fort Bragg, North Carolina
Fort Knox, Kentucky
Fort Benning, Georgia

NAMES AND POSITIONS OF AMERICANS WHO MET THE BRAZILIAN PERSONNEL

Mr. Sherman, Department of State, Miami, Florida
Mr. Harkey, Department of State, Miami, Florida
Mr. Wallace, Department of State, Miami, Florida
Mrs. Isa McKartney, Secretary, Committee for International Visitors, Miami, Florida
The Honorable James Merrick, Mayor, Oklahoma City, Oklahoma
Brigadier General Lawrence Caruthers, Acting Commanding General, Fort Sill, Oklahoma
Major General John H. Hay, Commandant, United States Army Command and General Staff College, Fort Leavenworth, Kansas
Brigadier General Starnes, Office of the Chief of Engineers, Washington, D.C.
Major General Surles, Chief of Staff, Continental Army Command, Fort Monroe, Virginia
Brigadier General Rattan, Fort Bragg, North Carolina
Major General Deane, Commanding General, 82nd Airborne Division, Fort Bragg, North Carolina
Major General Bowers, Adjutant General of North Carolina
Lieutenant General Tolson, Commanding General, Fort Bragg, North Carolina
Mrs. Jesse Scott, Wife of the Governor of North Carolina
Speaker of the House, State of North Carolina
Major General Sutherland, Fort Knox, Kentucky
Major General Forsythe, Fort Benning, Georgia

NUMBER OF BRAZILIAN PERSONNEL ON ORIENTATION TOUR

115 Brazilian personnel—7 Staff and faculty 108 Students

COST AND SOURCE OF FUNDS FOR ORIENTATION TOUR

Estimated Cost: $138,160.
Source of Funds: Military Assistance Program

ORIENTATION TOUR, BRAZIL, 25-I-70—NATIONAL WAR COLLEGE

ITINERARY

Date: 4 July 1969 through 26 July 1969
Fort Benning, Georgia
Air University, Maxwell Air Force Base, Alabama
United States Army Tank-Automotive Command, Detroit, Michigan
Ford Factory, Detroit, Michigan
United Nations, New York, New York
United States Military Academy, West Point, New York
Washington, D.C.—
- Inter-American Defense Board
- Organization of American States
- Inter-American Defense College
- Industrial College of the Armed Forces
- National War College

CINCLANT Fleet, Norfolk, Virginia
Langley Air Force Base, Virginia
Strategic Air Command, Omaha, Nebraska
United States Air Force Academy, Colorado Springs, Colorado
Fort Leavenworth, Kansas

NAMES AND POSITIONS OF AMERICANS WHO MET THE BRAZILIAN PERSONNEL

Major General Lollis, Commanding General, United States Army Tank-Automotive Command, Detroit, Michigan
Commanding General, Maxwell Air Force Base, Alabama
Commanding General, Fort Hamilton, New York
Commandant, United States Army Command and General Staff College, Fort Leavenworth, Kansas

NUMBER OF BRAZILIAN PERSONNEL ON ORIENTATION TOUR

62 Brazilian personnel—
7 Staff and faculty
55 students

COST AND SOURCE OF FUNDS FOR ORIENTATION TOUR

Estimated Cost: $70,200.00
Source of Funds: Military Assistance Program

ORIENTATION TOUR, BRAZIL, 25–II–70—NATIONAL WAR COLLEGE

ITINERARY

Date: 15 August 1969 through 6 September 1969
CINCLANT Fleet, Norfolk, Virginia
Langley Air Force Base, Virginia
Battelle Memorial Institute, Columbus, Ohio
United States Army Tank-Automotive Command, Detroit, Michigan
United Nations, New York, New York
United States Military Academy, West Point, New York
Washington, D.C.—
Inter-American Defense Board
Organization of American States
National War College
Inter-American Defense College
Industrial College of the Armed Forces
Office of Economic Opportunity
Department of State
Strategic Air Command, Omaha, Nebraska
Atlanta, Georgia—Nuclear Research Center and Rich Electronic Computer Center, Georgia Institute of Technology

NAMES AND POSITIONS OF AMERICANS WHO MET THE BRAZILIAN PERSONNEL

Dr. Fawcett, President, Battelle Corporation, Columbus, Ohio
Dr. Black, Vice President, Battelle Corporation, Columbus, Ohio
Major General Lollis, Commanding General, United States Army Tank-Automotive Command, Detroit, Michigan
Lieutenant General Alger, Chairman, United States Delegation to the Inter-American Defense Board
Brigadier General Reed, Chief of Staff, Third United States Army, Atlanta, Georgia
Brigadier General Ward, Continental Army Command, Fort Monroe, Virginia
Mr. Nick Matthews, owner, Nick's Seafood Pavillion, Yorktown, Virginia
Brigadier General Rogers, Commandant of Cadets, United States Military Academy, West Point, New York
Lieutenant General McCaffery, Department of the Army, Washington, D.C.
Lieutenant General Glen Martin, Strategic Air Command, Omaha, Nebraska
Major General Ducey, Chief of Staff, Strategic Air Command, Omaha, Nebraska
Major General David Jones, Test Range, Cape Kennedy, Florida

NUMBER OF BRAZILIAN PERSONNEL ON ORIENTATION TOUR

80 Brazilian Personnel—
13 Staff and Faculty
67 Students

COST AND SOURCE OF FUNDS FOR ORIENTATION TOUR

Estimated Cost: $93,600.00
Source of Funds: Military Assistance Program

ORIENTATION TOUR, BRAZIL, 195–70—ARMY COMMAND AND GENERAL STAFF COLLEGE

ITINERARY

Date: 15 May 1970 through 31 May 1970
Fort Bragg, North Carolina
Headquarters, Continental Army Command, Fort Monroe, Virginia
Washington, D.C.—
- Industrial College of the Armed Forces
- Organization of American States
- National War College
- Inter-American Defense Board
- Inter-American Defense College

United States Army Command and General Staff College, Fort Leavenworth, Kansas
Fort Benning, Georgia

NAMES AND POSITIONS OF AMERICANS WHO MET THE BRAZILIAN PERSONNEL

Lieutenant General Alger, Chairman, United States Delegation to the Inter-American Defense Board
Major General Bennett, Secretary of the General Staff, United States Army

NUMBER OF BRAZILIAN PERSONNEL ON ORIENTATION TOUR

130 Brazilian Personnel—
- 13 Staff and Faculty
- 117 Students

COST AND SOURCE OF FUNDS FOR ORIENTATION TOUR

Estimated Cost: $128,400.00
Source of Funds: Military Assistance Program

The U.S. Air Force conducted the following orientation tours for Brazilian officers during the past three years:

1968—Visit of Brazilian Air Force Command and Staff School
1969—None
1970—Visit of Brazilian Air Force Command and Staff School
—Visit of National War College

Itinerary and lists of escort officers and Brazilian personnel on each tour are attached.

Generally, briefings are conducted by the host commander/deputy commander. The names of the briefers/hosts are not available at Air Force Headquarters. Such records are normally considered transistory and are destroyed 30–90 days after the tour.

Brazilian National War College visitors and those from the Brazilian Air Command and Staff College were briefed on the broadest possible aspects of American life, ranging from Government institutions to agricultural productiveness. The national governmental ssytem with its bicameral structure was described to show the distinction between the two houses of Congress, and the relationship of Congressional members to their constituents. The Federal system was explained to show the independence of state governments, and the relationship of these to city and local governments.

The Brazilians were given an opportunity to observe USAF units in a readiness state, and received operations briefings where security permitted. Depending on the Air Force bases visited, they were briefed on base functions, and on the USAF organizational structure. While in Washington, they were briefed on Inter-American Defense arrangements.

Similar efforts were made to acquaint Brazilian visitors with a balanced understanding of American Governmental structure and miiltary posture, regardless of whether the visitors represented the Escola Superior da Guerra, the Naval War College, or the Air Force Command and Staff College.

Trip costs were as follows:

(1) Brazilian Air Command and Staff College visit, June 1970 cost was $101,600.

(2) Brazilian Air Force Command and Staff School visit, October 1968 cost was $63,902.

(3) Brazilian National War College visit, August 1970 cost was $91,800.

All funds used were USAF MAP training funds.

ITINERARY FOR THE VISIT OF BRAZILIAN AIR FORCE COMMAND AND STAFF SCHOOL, 30 SEPTEMBER–17 OCTOBER 1968

Monday, 30, Sept. 1968

2045	Arrive Miami, Florida via Pan American Flight 88.
	Evening at leisure.

Tuesday, 1 Oct. 1968

AM	At leisure.
1530	Depart Miami via USAF Special Air Mission aircraft.
1730	Arrive Eglin Air Force Base, Florida.
	Evening at leisure.

Wednesday, 2 Oct. 1968

AM	Tour facilities of Special Operations Force (SOF).
1200	Luncheon hosted by SOF.
	Continue tour of SOF.
1900	Dinner hosted by SOF.

Thursday, 3 Oct. 1968

A M	Continue tour of SOF.
	Lunch.
1500	Depart Eglin AFB, Fla.
1540	Arrive Maxwell AFB, Alabama.
1700	Dinner hosted by Air University.

Friday, 4 Oct. 1968

AM	Tour facilities of Air University (AU)
1200	Luncheon hosted by AU
	Continue tour of AU
PM	Evening at leisure

Saturday, 5 Oct. 1968

AM	Continue tour of AU
	Remainder of day free

Sunday, 6 Oct. 1968

AM	At leisure
1500	Depart Maxwell AFB, Ala.
1700	Arrive Randolph AFB, Texas
	Evening at leisure

Monday, 7 Oct. 1968

AM	Tour facilities of Air Tralning Command (ATC) (Randolph AFB)
1200	Luncheon hosted by ATC
	Continue tour of ATC
1900	Dinner hosted by ATC

Tuesday, 8 Oct. 1968

AM	Tour facilities of ATC (Lackland AFB)
1200	Luncheon hosted by ATC (Lackland AFB)
PM	Tour facilities at Kelly AFB and Brooks AFB
	Evening at leisure

Wednesday, 9 Oct. 1968.

AM	Morning at leisure
1300	Depart Randolph AFB, Tex.
1430	Arrive Tinker AFB, Oklahoma
	Tour facilities of Oklahoma City Air Materiel Area (OCAMA)
1900	Dinner hosted by OCAMA

Thursday, 10 Oct. 1968

AM	Continue tour of OCAMA
1200	Depart Tinker AFB, Okla.
	Lunch aboard aircraft
1735 PDT	Arrive Nellis Air Force Base, Nevada
	Evening at leisure

Friday, 11 Oct. 1968

AM	Tour facilities of USAF Tactical Fighter Weapons Center (TFWC)
1200	Luncheon hosted by TFWC
	Continue tour of TFWC
PM	Evening at leisure

Saturday, 12 Oct. 1968

0855	Depart Nellis AFB, Nev.
1000	Arrive Long Beach, California Municipal Airport
	Tour facilities of McDonnell/Douglas Corporation (Long Beach plant)
	Remainder of day free

Sunday, 13 Oct. 1968

Free

Monday, 14 Oct 1968

AM	Tour facilities of Space and Missile Systems Organization (SAMSO), Los Angeles, Calif.
1200	Luncheon hosted by SAMSO; continue tour
PM	Evening at leisure

Tuesday, 15 Oct 1968

0730 PDT	Depart Long Beach Municipal Airport
	Lunch aboard aircraft
1730 EDT	Arrive Andrews AFB, Maryland

Wednesday, 16 Oct 1968

Detailed Washington Schedule will be published

Thursday, 17 Oct 1968

1000	Depart Andrews AFB, Md.
1320	Arrive Miami, Florida
1800	Depart Miami Florida via Pan American Flight 83.
	End of Official tour.

WASHINGTON PROGRAM FOR VISIT OF BRAZILIAN AIR FORCE COMMAND AND STAFF SCHOOL, 15–17 OCTOBER 1968

Tuesday, 15 Oct 1968

1730	Arrive Andrews Air Force Base, Maryland. Greeted by Major General William W. Berg, Director of Manpower and Organization, Hq USAF.
	Proceed to Distinguished Visitors' Lounge for refreshments
1800	Depart Andrews AFB for Ambassador Hotel, 1412 K Street, NW.
	Evening at leisure

Wednesday, 16 Oct. 1968

0930	Depart Ambassador Hotel
1000	Arrive Inter-American Defense Board, 2600 16th Street, NW. Tour of facilities.
1130	Depart Inter-American Defense Board Luncheon arrangements to be announced.
1520	Arrive Memorial Gate, Arlington National Cemetery
1530	Wreath laying ceremony at Tomb of the Unknown Soldier by General Carlos Alberto.
1545	Proceed to gravesite of President John F. Kennedy for wreath laying ceremony.
1615	Depart Arlington National Cemetery for Ambassador Hotel.
1830	Depart hotel for Andrews AFB.
1900–2100	Reception at Officers' Open Mess, hosted by Maj. General and Mrs. Berg. Remainder of evening at leisure.

Thursday, 17 Oct. 1968

0400	Check-out of hotel. Place baggage in hotel lobby.
0430	Depart hotel for Andrews AFB.
0500	Depart Andrews AFB, Md.
1000	Arrive Miami Int'l Airport, Miami, Florida.
1100	Depart Miami via Pan American Flight 87.
	End of Official Tour.

BRAZILIAN AIR FORCE AIR COMMAND AND STAFF COLLEGE ITINERARY
24 MAY–11 JUNE 1970

Sunday, 24 May

0510	Arrive via Braniff Flight #920 Los Angeles International Airport. Clear Customs, immigration and proceed to Hacienda Hotel, 525 N. Sepulveda Blvd., El Segundo.
1100	Buses depart hotel for visit to Disneyland. (Visit is optional).
Evening	At leisure.

Monday, 25 May

0915–0930	Luggage packed and ready for pick-up. Check out of hotel.
0945	Depart hotel via buses for Headquarters SAMSO.
1000–1130	SAMSO briefings.
1200–1330	Luncheon.
1400	Depart Los Angeles International Airport.
1445	Arrive McCarren Airport, Las Vegas, Nevada. Proceed to Flamingo Hotel.
Evening	At leisure.
2330	Midnight Dinner/Show at the Stardust Hotel.

Tuesday, 26 May

0930	Buses depart hotel for Nellis Air Force Base.
1000–1200	Briefings and tour of Nellis AFB.
1215–1330	Luncheon at Nellis AFB Officers' Club
1330	Depart for hotel
Afternoon/Eve	At leisure

Wednesday 27 May

0745	Luggage packed and ready for pick-up. Check out of hotel.
0800	Buses depart for airport
0830 (PDT)	Depart McCarren Airport, Las Vegas
1100 (MDT)	Arrive Peterson Field, Colorado Proceed to Palmer House Hotel
Noon	Lunch
1300	Depart hotel for Ent Air Force Base
1330–1445	Briefings at Ent AFB
1500	Depart for Cheyenne Mountain Complex
1530–1630	Tour of Complex
1700	Arrive at hotel
1900	Social function

Thursday 28 May

0600	Luggage Packed and ready for pick-up. Check out of hotel.
0615	Buses depart for airport.
0700 (MDT)	Depart Peterson Field. (Departure will be via two aircraft—41 passengers on one aircraft, 42 on the other.) Breakfast on board aircraft.
0915 (CDT)	Arrive Sheppard Air Force Base, Texas
0930–1200	Briefings at Sheppard AFB
1200–1330	Luncheon
1330–1600	Proceed to Quarters at Ramada Inn, Wichita Falls
Evening	At leisure

Friday 29 May

0730	Luggage packed and ready for pick-up. Check out of hotel.
0745	Buses depart for airport
0830	Depart Sheppard AFB
0930	Arrive Ellington Air Force Base, Texas
0930–1200	Briefings and tour of Ellington AFB
1200–1330	Luncheon at Ellington AFB Officers' Club
1330	Proceed to Quarters at Sheraton-Lincoln hotel, 777 Polk Street, Houston, Texas
Afternoon	At leisure
1830	Depart via bus for downtown Houston
1900	Dinner at Casteels restaurant

Saturday 30 May

AM	Free time
1415	Buses depart hotel for Astrodome
1500–1700	Tour of Astrodome
1700–1830	Tour of Astro World (optional)
Evening	At leisure

Sunday 31 May

AM	Free time
1300	Buses depart hotel for NASA Manned Spacecraft Center (MSC)
1400–1600	Tour of Center (MSC)
Evening	At leisure

Monday 1 June

0730	Luggage packed and ready for pick-up. Check out of hotel
0800	Buses depart for airport
0930	Depart Ellington Air Force Base
1120	Arrive Offutt Air Force Base, Nebraska (SAC)
1200–1330	Luncheon
1330–1600	Briefings at SAC Proceed to Quarters at Offutt Inn
Evening	Dinner at Offutt AFB Officers' Club

Tuesday 2 June

0915	Luggage packed and ready for pick-up. Check out of Quarters.
1000	Depart Offutt AFB
1100	Arrive Scott Air Force Base, Illinois
1130–1300	Lunch
1300–1600	Briefings and tour of Scott AFB Proceed to Quarters, Stauffer's Inn, St. Louis, Mo.
Evening	Attend St. Louis Cardinals baseball game

Wednesday 3 June

Program in St. Louis area as outlined by Scott AFB officials

Thursday 4 June

0730	Luggage packed and ready for pick-up. Check out of hotel.
0800	Buses depart hotel for airport
0900 (CDT)	Depart Lambert Field, St. Louis
1100 (EDT)	Arrive Wright-Patterson Air Force Base, Ohio
	Proceed to Quarters on base (VOQ)
1200	Lunch
1330–1600	Briefings and tour of Wright-Patterson AFB
Evening	Dinner at Wright-Patterson AFB Officers' Club

Friday 5 June

0900	Luggage packed and ready for pick-up. Check out at Quarters.
0950	Depart Wright-Patterson AFB
1100	Arrive Andrews Air Force Base, Maryland
	Proceed to Ambassador Hotel, 14th & K Streets, Washington, D.C.
	See Detailed Washington Itinerary

Monday 8 June

0715	Luggage packed and ready for pick-up. Check out of hotel.
0730	Buses depart hotel for Andrews AFB
0830 (EDT)	Depart Andrews AFB. Breakfast served on aircraft.
0905 (CDT)	Arrive Maxwell Air Force Base, Alabama
0930–1130	Briefings and tour of Air University (AU)
1200–1330	Luncheon
1330–1530	Briefings continued
1530	Proceed to Quarters on base (VOQ)
Evening	Dinner at Maxwell AFB Officers' Club

Tuesday 9 June

1015	Luggage packed and ready for pick-up. Check out of Quarters
1100	Depart Maxwell AFB
1130	Arrive Hurlburt Field, Florida
1200–1330	Luncheon at Hurlburt Officers' Club
1330–1600	Briefings and tour of base.
1630	Proceed to Quarters at Howard Johnson Motel at Fort Walton Beach
Evening	Dinner at Hurlburt Officers' Club

Wednesday 10 June

	Free
AM	Luggage packed and ready for pick-up. Check out of Quarters.
1100	Buses depart Motel for airport.
1115	Depart Hurlburt Field
	Lunch on board aircraft
1200 (CDT)	Arrive Patrick Air Force Base, Florida
1400 (EDT)	Briefings at Patrick AFB
1430–1600	Proceed to Quarters on base
Evening	Social function

Thursday 11 June

0730	Luggage packed and ready for pick-up. Check out of Quarters.
0800	Depart for Cape Kennedy
0830–1200	Tour Cape Kennedy
1230–1400	Luncheon at Patrick AFB Officers' Club
1430	Depart Patrick AFB
1510	Arrive Miami International Airport, Florida
1800	Depart Miami via Braniff Flight #977.
	Official tour ends

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WASHINGTON ITINERARY FOR VISIT OF BRAZILIAN AIR FORCE AIR COMMAND AND STAFF COLLEGE, 5–8 JUNE 1970

Friday 5 June	
1100	Arrive Andrews Air Force Base, Maryland.
1100–1130	Welcomed to Washington. Coffee will be served in the Distinguished Visitors Lounge.
1130	Depart for Ambassador Hotel, 1412 K Street, N.W.
1200–1300	Lunch.
1305	Buses depart Ambassador Hotel.
1325	Arrive Fort Lesley J. McNair.
1330–1500	Briefing Inter-American Defense College.
1530–1700	Inter-American Defense Board briefing.
1700	Buses depart for Ambassador Hotel.
Evening	At leisure.
Saturday 6 June	
	Day and evening at leisure for individual activities.
Sunday 7 June	
	Day at leisure for individual activities.
1830	Buses depart Ambassador Hotel.
1900–2100	Reception in the Capitol Ball Room, Bolling Air Force Base Officers' Club. Hosted by Maj General Donavon F. Smith, Dir of Opnl Rymts & Dev Plans, DCS/R&D.
Monday 8 June	
0715	Luggage in hotel lobby ready for pick-up.
0730	Buses depart Ambassador Hotel.
0820	Arrive Andrews AFB. Proceed directly to aircraft and board immediately.
0830	Depart Andrews AFB. Breakfast will be served on board the aircraft.

BRAZILIAN NATIONAL WAR COLLEGE ITINERARY, 14–28 AUGUST 1970

Note: Information on departure times from hotels/motels for airport or social functions that are not indicated on the itinerary will be furnished by the Escort Officer.

Baggage should be ready for pick-up 1 hour prior to the departure time from your lodgings.

Fri 14 Aug	
1605 EDT	Arrive Miami International Airport via Braniff KLT Flt #976. Greeted by Mr. Roberto Fernandez, Public Affairs Mgr, *Esso Brazilero;* Mr. Rudolpho Ledgard, Sr Advisor Public Affairs, *Esso International* and Major Frederick G. Qvale, USAF Escort Officer.
	Proceed to Holiday Inn Motel, 2201 Collins Ave. on Ocean, Miami Beach, Florida.
Evening	At leisure.
Sat 15 Aug	
AM	At leisure for shopping and sight-seeing.
1200	Informal lunch.
1900	Reception/Dinner hosted by *Esso Inter-Americas Co.* Bath Club, Miami Beach.
Sun 16 Aug	
1230 EDT	Depart Miami International Airport.
	Lunch aboard aircraft.
1235 CDT	Arrive Hurlburt Field, Florida. Greeted by Brig Gen Leroy J. Manor, Comdr, USAF Special Operations Force.
PM	Special Opns Force (SOF) Briefing at Hurlburt Field.
	Proceed to Howard Johnson Motel, 245 Miracle Strip Parkway, S.W., Fort Walton Beach
	Free time
1900	Reception/Buffet at Hurlburt Officers' Club

Mon 17 Aug	
AM	Static Display and Demonstration at Hurlburt Field
1200	Hosted Luncheon
1400 CDT	Depart Hurlburt Field, Fla., *Honors*
1715 EDT	Arrive New York City, LaGuardia Airport. Greeted by Major Zint, SAFOI New York Escort Officer; Proceed to Belmont Plaza Hotel, 49th & Lexington Ave., N.Y.
Evening	At leisure
Tue 18 Aug	
1000	Visit United Nations
1200	Lunch at Governors Island. Hosted by Rear Admiral Benjamin F. Engel, CDR 3rd Coast Guard District
PM	Tour Manhattan Island courtesy US Coast Guard
Wed 19 Aug	
0900	Depart New York City via chartered bus (Party will depart from Belmont Plaza Hotel)
1100	Arrive Philadelphia, Pennsylvania. Proceed to Benjamin Franklin Hotel, Chestnut St. and Ninth
	Tour of Philadelphia conducted by Philadelphia Convention and Tours (Mr. Hornstein, Director)
	Informal Lunch
PM	Continue tour of Philadelphia
Thu 20 Aug	
1000 EDT	Depart Philadelphia via chartered bus (Party will depart from Ben Franklin Hotel)
1230	Arrive Washington, D.C. Proceed to Ambassador Hotel, 1412 K St., N.W.
Thu–Mon 21–24 Aug	
	See Detailed Washington Schedule
Tue 25 Aug	
1100 EDT	Department Washington, DC from Andrews AFB. *Honors*
	Lunch aboard the aircraft
1310 CDT	Arrive Ellington AFB, Tex
PM	Briefing and tour of Ellington
	Immediately folowing briefing, proceed to Sheraton-Lincoln Hotel, 777 Polk Ave., Houston
1900	Reception/Buffet Social Function at Ellington AFB Officers' Club
Wed 26 Aug	
	Guests of *Humble Oil Company*
AM	Brief sessions in Humble Building by Humble Management
Noon	Luncheon in Petroleum Club
PM	Tour of Esso Production Research facility
Evening	Party at Astrodome
Thu 27 Aug	
0900	Visit NASA Manned Space Center; Houston, Tex
Noon	Informal lunch
1400	Proceed to Rice University for tour and briefing
Evening	At leisure
Fri 28 Aug	
1200	Depart Houston International Airport via Pan American Airways Flt #501 for Rio de Janeiro
	CONUS Tour Ends

WASHINGTON ITINERARY FOR VISIT OF BRAZILIAN NATIONAL WAR COLLEGE, 20–25 AUGUST 1970

Thur 20 Aug	
1230	Arrive Ambassador Hotel via chartered bus 1412 K Street, N.W., Washington, D.C.
	Informal lunch
1500–1630	Visit Inter-American Defense College, Ft McNair Washington, D.C.
Evening	At leisure
Fri 21 Aug	
0730	Depart Hotel via bus for Carderock, Maryland.
0830	Arrive Naval Ship Research and Development Center for tour and briefing
1130	Depart Center for Fort McNair, Washington, D.C.
1230	Luncheon at Fort McNair Officers' Club hosted by Lt. Gen. John B. McPherson, Commandant, National War College
1400	Briefing and tour of National War College
1900	Reception/Buffet at Andrews Air Force Base, Foulois Room, hosted by General McPherson.
Sat 22 Aug	At leisure
Sun 23 Aug	At leisure
Mon 24 Aug	
0900–0945	1st Group—Tour and Briefing of Inter-American Defense Board, 2600 16th St., N.W., Washington, D.C.
1015–1115	2d Group—Tour and Briefing of IADB
1145	Arrive Pan American Building, 23d and Virginia Ave. Walk to "C" Street Entrance of State Department welcomed by Director, Office of Brazilian Affairs
	Luncheon hosted by Assistant Secretary, Charles A. Meyer in Franklin Room, 8th Floor
1530	Depart State Department "C" Street Entrance
1545	Arrive Brazilian Embassy, 3007 Whitehaven St., N.W.
1600	Informal meeting and introductions
1800	Reception/Buffet given by Brazilian Embassy
1900	Depart Embassy to return to hotel
	Remainder of evening at leisure
Tue 25 Aug	
1000	Baggage truck depart Ambassador Hotel for Andrews AFB MAC Passenger Terminal
1010	Personnel depart for Andrews AFB DV Passenger Lounge
1100	Honors Will Be Rendered
	Depart Andrews Air Force Base for Ellington AFB, Tex
	End of Washington Tour

The U.S. Navy conducted the following orientation tours of Brazilian officers during the past three years:

1968—Brazilian National War College—Group I
—Brazilian National War College—Group II
—Brazilian Naval War College
1969—Brazilian Naval War College
1970—Brazilian Naval War College

Itineraries, Americans met by Brazilians, numbers of personnel on each tour and the cost and funding information for each tour are attached.

Itineraries are developed from proposals made by Brazil via the MAAG. These detailed proposals are followed as closely as possible. Orientation visits to the U.S. Capitol, State Department, and other U.S. institutions and military facilities are suggested but are not required. Paramount consideration is given to the specific desires of Brazil expressed in the proposed itineraries provided the objectives of the *Informational Programs* are met.

No specific lectures are given to explain the role of the U.S. military in the U.S. defense effort. The many and varied orientation visits within the military establishment as delineated in the itineraries provide the most graphic and realistic exposure possible of the role of the U.S. military.

ITINERARY FOR BRAZILIAN NATIONAL WAR COLLEGE VISIT—GROUP I
16 MAY–7 JUNE 1968

(all times local)

THURSDAY, 16 MAY 1968

0430—Arrive Tocumen Airport via Braniff flight #972. Proceed to El Continental Hotel.
1030—Travel to U. S. Southern Command, Quarry Heights
1100—Welcome by Major General G. B. DANY, USAF, Chief of Staff, U. S. Southern Command, followed by SOUTHCOM Briefing.
1145—Travel to Naval Station Rodman Officers Club
1200—Lunch
1330—Walk to Rodman Theater
1335—Welcome by Rear Admiral George P. KOCH, USN, Commander, U.S. Naval Forces, Southern Command, followed by USNAVSO Command Briefing.
1415—Break
1440—Travel to Building 1, Fort Amador
1500—U. S. Army Southern Command Cordon
1510—Travel to Fort Amador Theater
1515—U. S. Army Southern Command Briefing
1610—Return to hotel
1800—Travel to Admiral's house
1830—Reception hosted by Commander in Chief, U. S Southern Command, Commander U. S. Naval Forces, Southern Command, Commander, U. S. Army Forces, Southern Command, and Commander, U. S. Air Forces, Southern Command.
2030—Return to hotel

FRIDAY, 17 MAY 1968

0830—Travel to Albrook Air Force Base Headquarters Building.
0900—Welcome by Major General R. J. CLIZBE, USAF, Commander, U.S. Air Forces. Southern Command. followed by U.S. Air Forces, Southern Command Briefing.
1000—Travel to Tocumen Airport (Governor's Lounge)
1200—Depart for Miami abroad Braniff flight #976'
1530—Arrive Miami International Airport. Met by Brazilian Consul representative and Lieutenant Commander MC BAIN, USN. Proceed through customs. Proceed to Carillon Hotel.
RON—Carillon Hotel

SATURDAY, 18 MAY 1968

Free for shopping and individual sightseeing.
RON—Carillon Hotel

SUNDAY, 19 MAY 1968

Free for church and sightseeing
RON—Carillon Hotel

MONDAY, 20 MAY 1968

Breakfast at hotel
0800—Depart for Homestead Air Force Base via USAF buses. Tour Homestead Air Force Base.
Lunch at Officers Club. Return to hotel.
RON—Carillon Hotel

TUESDAY, 21 MAY 1968

Morning free
Lunch at hotel
1400—Aircraft departs airport for Louisville. (Ground handling by Delta Airlines) Snack en route
1610—Arrive Louisville Airport. (Ground handling by Piedmont Airlines) Met by Captain BELCHER, USN, Professor of Naval Science, University of Louisville. Proceed to Executive Inn.
1830—Reception and dinner hosted by Captain BELCHER
RON—Executive Inn

WEDNESDAY, 22 MAY 1968

0800—Proceed by Army bus to Fort Knox
Lunch at Fort Knox
1600—Return to Louisville
Evening free. Transportation will be provided to downtown Louisville.
RON—Executive Inn

THURSDAY, 23 MAY 1968

0800—Depart Louisville Airport for Colorado Springs. Breakfast en route.
0815—Arrive Colorado Springs. (Ground handling by Frontier Airlines) Met by Major JANOSKO, USA. Proceed to Antler's Hotel.
Lunch at hotel
1300—Proceed by U.S. Air Force bus to Ent Air Force Base for briefing by NORAD
1630—Return to hotel
Evening free
RON—Antler's Hotel

FRIDAY, 24 MAY 1968

Breakfast at hotel
0900—Proceed by bus to Denver via U.S. Air Force Academy
1030—Arrive Brown Palace Hotel. Met by Captain J. G. Downing, USN, Commanding Officer, Navy and Marine Corps Reserve Training Center.
Lunch at hotel
1300—Depart hotel for tour of Central City
1800—Return to hotel
1900—Reception at Brown Palace Hotel hosted by Captain J. G. Downing, USN
RON—Brown Palace Hotel

SATURDAY, 25 MAY 1968

Breakfast at hotel
0900—Depart hotel for full day of sightseeing in Denver area
Evening free
RON—Brown Palace Hotel

SUNDAY, 26 MAY 1968

Morning free for church and sightseeing
1100—Depart Denver for San Antonio (Ground handling by Frontier Airlines).
Lunch en route.
1350—Arrive San Antonio. (Ground handling by Trans-Texas Airlines.) Met by Lieutenant Commander Dean H. CHANCELLOR, Commanding Officer. Navy and Marine Corps Reserve Training Center, and Chamber of Commerce Red Carpet Committee.
Proceed to Sheraton Motor Inn
1800—Texas Barbecue hosted by Lieutenant Commander CHANCELLOR
RON—Sheraton Motor Inn

MONDAY, 27 MAY 1968

0730—Breakfast at hotel
0830—Depart for Randolph Air Force Base for tour and briefing by Air Training Command
0900—Arrive Randolph Air Force Base
1130—Lunch at Officers Club
1230—Depart Randolph Air Force Base
1315—Arrive Hemisfair
1800—Dinner at Casa Rio
After dinner return to Hemisfair. Shuttle bus will be provided for return to motel.
RON—Sheraton Motor Inn

TUESDAY, 28 MAY 1968

0730—Breakfast at motel
0900—Check out
0930—Depart for Alamo and Buckhorn Saloon tours
1130—Luncheon hosted by Lieutenant Commander CHANCELLOR

1300—Depart for airport
1400—Depart for Norfolk. Snack en route
1745—Arrive Norfolk Naval Air Station. Met by Commander in Chief Atlantic representative. Proceed to Quality Courts Motel.
RON—Quality Courts Motel

WEDNESDAY, 29 MAY 1968

Breakfast at motel
0900—Depart motel
0930—Arrive Operational Control Center, Commander in Chief U.S. Atlantic Fleet. CINCLANT/CINCLANTFLT Command Briefing. Tour of Anti-Submarine Tactical School.
1145—Proceed to Naval Station Officers Club for lunch
1315—Depart Officers Club
1325—Visit Armed Forces Staff College. Welcomed by Major General F. W. Norris, USA, Commandant.
1430—Units 1 and 2 visit USS CONYNHAM
Units 3 and 4 visit USS LAWRENCE
1530—Visit USS FORRESTAL
1930—Reception
2130—Return to motel
RON—Quality Courts Motel

THURSDAY, 30 MAY 1968 (MEMORIAL DAY)

Breakfast at motel
0800—Depart motel for visit to Colonial Williamsburg
1600—Return to motel
Evening free
RON—Quality Courts Motel

FRIDAY, 31 MAY 1968

Breakfast at motel
0900—Depart motel
0930—Visit Fortress Monroe. Schedule as arranged by Continental Army Command.
Lunch at Fortress Monroe.
1330—Proceed to Little Creek. Schedule as arranged by Commander Amphibious Force, U.S. Atlantic Fleet.
1630—Return to motel
Evening free
RON—Quality Courts Motel

SATURDAY, 1 JUNE 1968

Morning free

NAVAL AIR STATION

1400—Depart Norfolk Municipal Airport. (Ground handling by Piedmont Airlines)
1430—Arrive Washington National Airport. (Ground handling by Page) Met by CNO Representatives. Proceed to Windsor-Park Hotel.
1800—Depart hotel for National Naval Medical Center, Bethesda, Maryland
1830—Reception hosted by Rear Admiral A. F. FLEMING, USN, Assistant Deputy Chief of Naval Operations (Plans and Policy)
2045—Return to hotel
RON—Windsor-Park Hotel

SUNDAY, 2 JUNE 1968

Morning free for church
Lunch at hotel
1300—General sightseeing by bus
1700—Return to hotel
Evening free
RON—Windsor-Park Hotel

MONDAY, JUNE 3, 1968

Breakfast at hotel.
0800—Depart hotel for Arlington National Cemetery.
0845—Arrive Arlington.
0900—Observe Changing of the Guard at the Tomb of the Unknowns.
0905—Wreath laying ceremony at the Tomb of the Unknowns. Major General Humberto de Souza Mello.
0915—Proceed to John F. Kennedy Gravesite on foot.
0925—Wreathlaying ceremony at Gravesite. Return to buses.
0945—Depart Arlington National Cemetery—pass Iwo Jima Memorial.
1000—Arrive Federal Bureau of Investigation (9th and Pennsylvania Avenue Entrance). Met by FBI Agent for tour and briefing.
1100—Depart Federal Bureau of Investigation.
1115—Arrive Smithsonian Institution, Museum of History and Technology for self-guided tour.
1215—Depart Smithsonian Institution.
1430—Arrive Inter-American Defense College for briefing and tour.
1600—Depart Inter-American Defense College.
Return to hotel.
Evening free.
RON—Windsor-Park Hotel.

TUESDAY, JUNE 4, 1968

Breakfast at hotel.
0845—Depart hotel.
0930—Arrive Naval Ship Research and Development Center. Met by Captain Vincent, Commanding Officer and Director. Briefing and tour of Naval Ship Research and Development Center.
1200—Depart Naval Ship Research and Development Center.
1300—Arrive Marine Corps Base Quantico. Lunch at Officers Club, followed by tour.
1500—Proceed to Brazilian Embassy for reception.
Evening free.
RON—Windsor-Park Hotel.

WEDNESDAY, JUNE 5, 1968

Breakfast at hotel.
0800—Check out of hotel.
0830—Depart hotel for New York by chartered bus.
1300—Arrive New York met by Commandant, Third Naval District representative at Warwick Hotel.
Remainder of day as arranged by Commandant, Third Naval District.
RON—Warwick Hotel.

THURSDAY, JUNE 6, 1968

As arranged by Commandant, Third Naval District.
RON—Warwick Hotel.

FRIDAY, JUNE 7, 1968

Depart New York for Rio de Janeiro
NOTE: All CONUS air travel will be by Southern Airways Charter DC-9 jet.

ITINERARY FOR BRAZILIAN NATIONAL WAR COLLEGE VISIT—GROUP II—JUNE 26–JULY 19, 1968

(All times local)

WEDNESDAY, JUNE 26, 1968

1555—Arrive Tocumen Airport via Pan American flight No. 576. Remainder of day as arranged by COMUSNAVSO.

THURSDAY, JUNE 27, 1968

As arranged by COMUSNAVSO.

FRIDAY, JUNE 28, 1968

A.M. As arranged by COMUSNAVSO.
1405—Depart Panama for Miami via Pan American flight No. 82.
1735—Arrive Miami International Airport via Pan American flight No. 82. Met by Brazilian Consul representative and Lieutenant Commander McBain. Proceed to Carillon Hotel.
RON—Carillon Hotel.

SATURDAY, JUNE 29, 1968

Free time. Shopping and sightseeing.
RON—Carillon Hotel.

SUNDAY, JUNE 30, 1968

Free time. Church and sightseeing.
RON—Carillon Hotel.

MONDAY, JULY 1, 1968

1000—Depart Miami for Patrick Air Force Base. Ground handling by Dispatch Service. Coffee en route.
1045—Arrive Patrick Air Force Base. Proceed to Holiday Inn Motel, Cocoa Beach. Remainder of day free.
RON—Holiday Inn Motel.

TUESDAY, JULY 2, 1968

Breakfast at hotel.
0800—Check out of hotel.
0830—Depart hotel.
0900—Tour Cape Kennedy.
1200—Lunch.
1300—Tour Patrick Air Force Base.
1600—Depart Patrick Air Force Base for Fort Sill, Oklahoma Lawton Airport. Dinner en route.
1830—Arrive Fort Sill. Ground handling by R. B. Owens.
Proceed to Ramada Inn.
Evening free.
RON—Ramada Inn.

WEDNESDAY, JULY 3, 1968

Breakfast at Ramada Inn.
0800—Commence full day of briefings and visits to Artillery Center facilities and Artillery School.
1930—Recreation hosted by L. G. John J. Kenney, acting C.G. and assist commandant of the U.S. Army Artillery Missile School & Mrs. Kenney.
Evening free.
RON—Ramada Inn.

THURSDAY, JULY 4, 1968—INDEPENDENCE DAY

Breakfast at Ramada Inn.
Visit Wildlife Refuge.
Attend Independence Day Picnic and fireworks display.
RON—Ramada Inn.

FRIDAY, JULY 5, 1968

Breakfast at Ramada Inn.
1000—Depart Fort Sill for San Diego, California. Lunch en route.
1130—Arrive Naval Air Station North Island. No honors. Met by Commander First Fleet, Commandant, Eleventh Naval District, Commander Fleet Air, San Diego, and Commanding Officer, Naval Air Station North Island. Depart for Hotel Del Coronado. Check into hotel.
1410—Depart Hotel Del Coronado.
1440—Arrive Marine Corps Recruit Depot.
1500—General FRAGOSO to review Marine Corps Recruit Depot parade and others to observe. Commanding General, Marine Corps Recruit Depot is Major General L. ENGLISH, USMC. Honors will be rendered to General FRAGOSO, Brazilian War College at parade.
1600—Depart Marine Corps Recruit Depot.
1630—Arrive Hotel Del Coronado.

1815—Depart Hotel Del Coronado.
1830—Reception hosted by Commandant, Eleventh Naval District, Rear Admiral Marshall E. DORNIN and Mrs. DORNIN, at Naval Air Station North Island Officers Club. Service Dress White Uniform.
2030—Depart reception for hotel.
RON—Hotel Del Coronado.

SATURDAY, JULY 6, 1968

Breakfast at hotel.
1000—Buses depart hotel for Naval Station Exchange shopping as desired.
1200—Buses depart Exchange for hotel. Remainder of day free.
RON—Hotel Del Coronado.

SUNDAY, JULY 7, 1968

Breakfast at hotel.
0915—Buses depart hotel.
1000—Mass followed by sightseeing tour.
1230—Buses return to Hotel Del Coronado. Remainder of day free.
RON—Hotel Del Coronado.

MONDAY, JULY 8, 1968

Breakfast at hotel.
0745—Baggage in hotel lobby for pickup.
0815—Group departs hotel.
0900—Visit University of California at San Diego and Scripps Institution of Oceanography.
1030—Depart.
1100—Arrive Lindbergh Field for departure to Omaha, Nebraska. Lunch en route.
1700—Arrive Omaha, Nebraska, Epley Field. Ground handling by Ozark. Met by Rear Admiral George R. Muse or Rear Admiral Edwin J. Zimmermann, Jr. Proceed to Prom Town House Motor Inn.
RON—Prom Town House Motor Inn.

TUESDAY, JULY 9, 1968

0900—Depart Motor Inn.
0930—Visit Naval Reserve Training Command. Welcomed by Rear Admiral George R. Muse, Commander, Naval Reserve Training Command.
1200—Lunch at Birchwood Club hosted by Rear Admiral Muse.
1330—Visit Boys' Town.
1600—Proceed to Lyndon Hall for reception hosted by Rear Admiral Muse.
1900—Return to Prom Town House Motor Inn.
RON—Phom Town House Motor Inn.

WEDNESDAY, JULY 10, 1968

0730—Depart Motor Inn.
0830—Briefing and tour hosted by CINCSAC.
1200—Lunch at Offutt Air Force Base Officers Club hosted by CINCSAC.
1330—Depart Offutt Air Force Base.
Sightseeing in afternoon.
1800—Reception hosted by Leo A. Daley Co.
RON—Prom Town House Motor Inn.

THURSDAY, JULY 11, 1968

Breakfast at hotel.
1000—Depart hotel for Epley Field.
1200—Depart for Washington, D.C. Lunch en route.
1715—Arrive Washington, D.C. National Airport. Ground handling by Page Airways. Met by CNO representative, General Planning Programming Division.
Proceed to Windsor Park Hotel.
Evening free.
RON—Windsor Park Hotel.

FRIDAY, JULY 12, 1968

Breakfast at hotel.
0800—Depart hotel. Proceed to Department of Housing and Urban Development, 7th and E Streets, S.W. Welcomed by Mr. James A. Moore, Director, Division of Internatoinal Affairs.

0900—Briefing and discussions followed by tour of renewal projects.
0945—Vice Admiral HEITOR call on Commandant, U.S. Marine Corps, General Leonard F. Chapman. Rejoin group at Fort McNair Officers Club.
1230—Arrive Fort McNair Officers Club. Luncheon hosted by Major General John B. Henry, USAF. Director, U.S. South Com.
1415—Briefing at Inter-American Defense College.
1515—Depart Inter-American Defense College.
1600—Arrive Inter-American Defense Board. Welcomed by Lieutenant General James D. Alger, USA.
1700—Return to hotel.
RON—Windsor Park Hotel.

SATURDAY, JULY 13, 1968

Breakfast at hotel.
0830—Depart hotel.
0900—Arrive White House for Special Tour. Talk by Mr. Walt Rostow.
1000—Return to hotel.
Afternoon free for shopping.
1730—Depart hotel.
1800—Arrive National Naval Medical Center Bethesda Officers Club. Reception hosted by Adm. and Mrs. Francis J. Blouen.
2000—Return to hotel.
RON—Windsor Park Hotel.

SUNDAY, JULY 14, 1968

Breakfast at hotel.
0900—Depart hotel.
0930—Mass at the Shrine of the Immaculate Conception.
1030—Return to hotel.
Lunch at hotel.
1300—Commence sightseeing tour of national monuments.
1700—Return to hotel.
Evening free.
RON—Windsor Park Hotel.

MONDAY, JULY 15, 1968

Breakfast at hotel.
0815—Depart hotel.
0845—Arrive Arlington National Cemetery.
0900—Observe Changing of the Guard at the Tomb of the Unknowns.
0905—Wreath laying ceremony. General Augusto Fragoso, Brazilian Army, Director Brazilian National War College. U.S. host—Rear Admiral Elliott Loughlin, USN, Commandant, Naval District Washington. Proceed to Kennedy Gravesite on foot.
0925—Lay wreath at Kennedy Gravesite.
Return to buses.
1000—Visit Iwo Jima Memorial.
1015—Depart Iwo Jima Memorial.
1030—Arrive State Department, "C" Street Entrance. Briefing, by Mr. Eugene Rostow.
1300—Depart State Department. Return to hotel.
Afternoon free.
1715—Depart hotel for Brazilian Embassy.
1730—Reception hosted by Honorable Jorge de SA Almeida, Minister Counselor of Brazil.
1900—Return to hotel.
Evening free.
RON—Windsor Park Hotel.

TUESDAY, JULY 16, 1968

Breakfast at hotel.
0800—Depart hotel.
0900—Arrive Marine Corps Development and Education Command Quantico.
Luncheon hosted by the Commanding General.
1600—Return to hotel.
Evening free.
RON—Windsor Park Hotel.

WEDNESDAY, JULY 17, 1968

Breakfast at hotel.
0830—Depart hotel for New York via chartered bus.
1300—Arrive New York. Proceed to Plaza Hotel.
Afternoon free.
1800—Reception hosted by Honorable Lauro Soutello Alvez, Minister, Counsel General of Brazil.
2000—Return to hotel.
RON—Plaza Hotel.

THURSDAY, JULY 18, 1968

Breakfast at hotel.
0930—Depart hotel. Arrive United Nations for tour and briefings.
1230—Luncheon hosted by Vice Admiral Andrew McB. Jackson, Jr., USN, Vice Chairman, U.S. Delegation, U.N. Military Staff Committee.
1430—Depart U.N. Return to hotel.
Afternoon free.
1900—Visit Radio City Music Hall as guests of the Coca-Cola Company.
Return to hotel.
RON—Plaza Hotel.

FRIDAY, JULY 19, 1968

Day free to prepare for return to Rio de Janeiro.
1700—(Approximately) Depart hotel for airport.
2100—Depart New York for Rio de Janeiro via Pan American flight No. 201.
NOTE: ALL CONUS air travel will be by American Flyers Airline Charter—Electra Turbo Prop L122, Tail No. 182H.

ITINERARY FOR BRAZILIAN NAVAL WAR COLLEGE JULY 17–AUGUST 9, 1968

WEDNESDAY, JULY 17, 1968—PANAMA

1555—Arrive Tocumen Airport via Pan American flight No. 516 from Rio de Janeiro. Met upon arrival by Rear Admiral G. P. Koch, USN, Commander, U.S. Naval Forces, Southern Command/Commandant, Fifteenth Naval District.
1630—Proceed to Hotel Continental.
Evening free.
RON—Hotel Continental.

THURSDAY, JULY 18, 1968

0730—Breakfast at Hotel Continental. Uniform: Tropical White Long.
0830—Joint Honor Cordon at Quarry Heights followed by USCINCSO briefing to be conducted by Colonel K. A. Frith, USA, Foreign Liaison Officer.
0945—Official welcome by Rear Admiral G. P. Koch followed by USNAVSO briefing at Rodman Theatre, U.S. Naval Station.
1100—United States Air Force, Southern Command, briefing at Albrook Air Force Base.
1200—Luncheon at Albrook Officers Club hosted by Major General Sanborn, USAF, Commander, U.S. Air Force, Southern Command.
1330—United States Army, Southern Command, briefing at Fort Amador Theatre Conducted by Colonel K. A. Frith, USA.
1830—Joint reception at Quarters "A", Fort Amador hosted by Rear Admiral Koth, Major General Sanborn, General Porter, and Major General Johnson. Uniform: Service Dress White.
Remainder of evening free.
RON—Hotel Continental.

FRIDAY, JULY 19, 1968—PANAMA/MIAMI

Breakfast at hotel. Uniform: Tropical White Long.
1000—Panama Canal Briefing and tour of Miraflores Locks.
1100—Return to Hotel Continental.
1130—Luncheon at Hotel Continental.
1215—Luggage ready for pickup.

1230—Depart Hotel Continental en route to Tocumen Airport.
1405—Depart Tocumen Airport en route to Miami, Florida via Pan American flight No. 82.
1735—Arrive Miami's International Airport. Following customs processings proceed to Carillon Hotel, 6801 Collins Avenue, Miami Beach.
Remainder of day and evening free.
RON—Carillon Hotel.

SATURDAY, JULY 20, 1968—MIAMI/WASHINGTON

Breakfast at hotel.
Morning free for shopping.
1100—Depart Carillon Hotel en route to Miami International Airport.
1215—Depart Miami's International Airport via chartered aircraft en route to Washington, D.C. Luncheon served in flight.
1530—Arrive Washington's National Airport (Page Airways Terminal) via chartered aircraft. Proceed to Sheraton Park Hotel, 2660 Connecticut Avenue, NW.
1730—Depart hotel en route to Fort Lesley J. McNair.
1800—Reception hosted by Rear Admiral and Mrs. G. R. La Rocque, USN,
2000 Director, Pan American Affairs. Uniform: Service Dress White.
2015—Depart Fort McNair for Sheraton Park Hotel.
Remainder of evening free.
RON—Sheraton Park Hotel.

SUNDAY, JULY 21, 1968—WASHINGTON

Breakfast at hotel.
0900—*Depart Sheraton Park Hotel for National Shrine of the Immaculate Conception for celebration of Catholic Mass.
Morning free for those not attending church.
Lunch at Sheraton Park Hotel or as desired.
Afternoon free. Buses available for local sightseeing on a voluntary basis.
1900—*Depart Sheraton Park Hotel en route to Wilson Line Headquarters, Pier 4, Maine Avenue.
1930—Depart on motor yacht Mount Vernon for evening Potomac River cruise. Dinner served on board.
2230—Return to Pier 4 and proceed to Sheraton Park Hotel.
RON—Sheraton Park Hotel.

MONDAY, JULY 22, 1968—WASHINGTON

0800—Breakfast at Sheraton Park Hotel; Uniform: Tropical White Long.
0845—Depart hotel en route to Inter-American Defense Board Headquarters, 2600 16th Street, NW.
0900—Tour and briefing at Inter-American Defense Board to be conducted by
1030 Colonel Paulo E. Souto, Army of Brazil.
1030—Depart Inter-American Defense Board Headquarters en route to Inter-American Defense College, Fort Lesley J. McNair.
1050—Tour and briefing at Inter-American Defense College to be conducted by
1220 Captain Oswaldo de Andrade, Navy of Brazil.
1230—Lunch at Fort Lesley J. McNair Officers Club hosted by Major General J. B. Henry, USA, Director, Inter-American Defense College.
1345—Depart Fort Lesley J. McNair Officers Club en route to Headquarters, Marine Corps, Arlington Annex.
Special arrangements made for the engineers and doctors from among the student body to visit the Naval Ship Research and Development Center and the Bethesda Naval Hospital respectively. 1345 departure by sedans from Fort McNair Officers Club arranged.
1400—Orientation briefings by members of the Commandant, Marine Corps staff;
1600 Room 2201, Marine Corps Headquarters.
1630—Admiral Levy Reis calls on General L. F. Chapman, Jr., Commandant, Marine Corps.
Return to Sheraton Park Hotel.
1815—Depart Sheraton Park Hotel en route to Brazilian Embassy.

* Denotes optional participation.

1830—Reception at the Brazilian Embassy, 3000 Massachusetts Avenue, hosted by Charge d'Affaires Jorge de Sa Almeida.
Uniform: Service Dress White.
Remainder of evening free.
RON—Sheraton Park Hotel.

TUESDAY, JULY 23, 1968—WASHINGTON/NEW YORK

0715—Breakfast at Sheraton Park Hotel. Uniform: Service Dress White.
0815—Depart Sheraton Park Hotel en route to Tomb of the Unknowns, Arlington Cemetery.
0850—Arrive Tomb of the Unknowns.
0900—Witness Changing of the Guard, Tomb of the Unknowns.
0905—Admiral Levy Reis lays wreath at Tomb of the Unknowns on behalf of the Brazilian Naval War College.
Following wreath laying ceremony proceed on foot to President Kennedy and Senator Kennedy gravesites.
0935—Depart Arlington Cemetery for Sheraton Park Hotel. Change into Tropical White Long uniform.
1015—Depart Sheraton Park Hotel en route to Pan American Union.
1030—Briefing and tour at Pan American Union.
1200—Depart Pan American Union en route to Sheraton Park Hotel.
Lunch at Sheraton Park Hotel.
1300—Luggage ready for pick up outside rooms.
1330—Depart Sheraton Park Hotel en route to Washington's National Airport.
1400—Depart Washington's National Airport via chartered aircraft (Page Airways Terminal) for New York.
1500—Arrive New York's LaGuardia Airport. Ground handling by Butler Aviation. Met by COMTHREE Representative. Proceed to Warwick Hotel, 6th Avenue and 54th Street.
Remainder of evening free.
RON—Warwick Hotel.

WEDNESDAY, JULY 24, 1968—NEW YORK

Breakfast at hotel Uniform: Civilian Informal.
0900—Depart hotel on chartered bus for United Nations Headquarters.
0915—Arrive United Nations Headquarters.
0930—Briefing on the organization and functions of the United Nations by members of the Brazilian Mission to the United Nations.
1030—Tour of United Nations. VIP tour and Portuguese speaking guides scheduled.
1145—Luncheon in the Delegate's dining room.
1245—
1300—Depart United Nations Headquarters for hotel.
Remainder of afternoon free.
1745—Depart hotel for Commissioned Officers Mess (Open), U.S. Naval Station, Brooklyn. Uniform: Civilian Informal.
1830—Reception hosted by Rear Admiral F. D. Foley, USN, Commandant, Third Naval District.
2030—Depart Naval Station, Brooklyn for hotel.
Remainder of evening free.
RON—Warwick Hotel.

THURSDAY, JULY 25, 1968—NEW YORK/NEW LONDON

Breakfast at hotel.
Morning free.
Luncheon as desired.
1400—Luggage ready for pickup outside rooms.
1415—Depart New York for New London, Conn., by chartered bus.
1700—Arrive Groton Motor Inn, Groton, Conn.
1800—Reception and dinner at Commissioned Officers Mess.
2200—(Open) hosted by Rear Admiral C. D. Nace, USN, Commander, Submarine Flotilla Two. Uniform: Service Dress White.
RON—Groton Motor Inn.

FRIDAY, JULY 26, 1968—NEW LONDON

0800—Breakfast at motel. Uniform: Service Dress White.
0845—Depart motel.
0900—Honors at Main Gate.
0915—Welcome aboard by Rear Admiral C. D. Nace, USN, COMSUBFLOT TWO.
0920
0920—Area Orientation.
0935
0935—Briefing on the role of the Nuclear Submarine.
1005—Coffee break.
1015—Briefing on the role of the Nuclear Ballistic Submarine.
1045
1100—Bus tour of the Submarine Base.
1130—Lunch at Commissioned Officers Mess (Open).
1300
1305—Tour and demonstration of facilities including Submarine Diving Trainer, Mooring and Docking Trainer, Attack Teacher.
1455
1500—Tour of submarines.
1600
1600—Boat tour of Thames River, weather permitting.
1700
Dinner, Commissioned Officers Mess (Open).
Evening free.
RON—Groton Motor Inn.

SATURDAY, JULY 27, 1968—NEW LONDON

0800—Breakfast at motel. Uniform: Tropical White Long.
0900—Depart motel.
0915—Tour of United States Coast Guard Academy.
1115
Lunch at Commissioned Officers Mess (Open), Submarine Base.
1300—Tour of Mystic Seaport.
1530
Return to motel following Mystic Seaport tour.
1700—Informal beach picnic.
2100
RON—Groton Motor Inn.

SUNDAY, JULY 28, 1968—NEW LONDON/NEWPORT

0930—*Attend Catholic Mass.
1100—Brunch at Commissioned Officers Mess (Open).
1300
1430—Depart for Newport, Rhode Island via chartered bus. Uniform: Tropical White Long.
1600—Arrive Newport Motor Inn. Admiral Levy Reis will proceed directly to Naval Base Headquarters, Building No. 10, Coasters Harbor Island to be greeted by Naval Base, Newport representative.
1615—Admiral Levy Reis departs Naval Base Headquarters en route to Newport Motor Inn.
1845—Admiral Levy Reis departs Newport Motor Inn for Quarters AA, for dinner hosted by Vice Admiral J. T. Hayward, USN, President, Naval War College. Uniform: Service Dress White.
1700—Remainder of party departs Newport Motor Inn for Commissioned Officers Mess (Closed). Dinner at Commissioned Officers Mess. Uniform: Civilian Informal.
1830—Buses return party to Newport Motor Inn.
Remainder of evening free.
RON—Newport Motor Inn.

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*Denotes optional participation.

MONDAY, JULY 29, 1968—NEWPORT

0730—Breakfast at Newport Motor Inn: Uniform: Tropical White Long.
0845—Depart Newport Motor Inn en route to Naval War College.
0900—Admiral Levy Reis calls on Vice Admiral J. T. Hayward, USN, President, Naval War College.
0915—Admiral Levy Reis and Senior Staff Officers confer with Academic Plans Department on Naval War College curriculum.
0900—Remainder of party commences briefing and tour of Naval War College.
1200—Admiral Levy Reis calls on Rear Admiral Means Johnston, Jr., Commander, Naval Base Newport.
1215—Luncheon at the Comissioned Officers Mess (Closed).
1315—Depart Commissioned Officers Mess en route to Naval Justice School.
1330—Briefing on the Naval Justice School.
1400—Depart Naval Justice School for tour of Historic Newport.
1630—Return to Newport Motor Inn.
1745—Depart Newport Motor Inn en route to Comissioned Officers Mess (Open). Uniform: Service Dress White.
1800—Cocktails and dinner hosted by Rear Admiral Means Johnston, Jr., USN.
RON—Newport Motor Inn.

TUESDAY, JULY 30, 1968—NEWPORT/NORFOLK

0730—Breakfast at Newport Motor Inn. Uniform: Tropical White Long.
0845—Depart Newport Motor Inn for Naval Destroyer School (Blue Group) and Officer Candidate School (Gold Group).
0900—Blue Group: Briefing and tour of Naval Destroyer School.
Gold Group: Briefing and tour of Officer Candidate School.
1015—Blue Group: Briefing and tour of Officer Candidate School.
Gold Group: Briefing and tour of Naval Destroyer School.
1130—Luncheon at Commissioned Officers Mess (Closed).
1230—Depart Commissioned Officers Mess for Newport Motor Inn.
1300—Luggage ready for pickup.
1330—Depart Newport Motor Inn enroute to Naval Air Station, Quonset Point.
1430—Depart NAS Quonset Point via chartered aircraft en route to Norfolk, Va.
1600—Arrive Naval Air Station, Norfolk (LP-1). Met by Vice Admiral F. L. Ashworth, USN, Deputy Commander in Chief, Atlantic. Proceed to quarters (Quality Courts Motel).
Remainder of day and evening free.
RON—Quality Courts Motel.

WEDNESDAY, JULY 31, 1968—NORFOLK

Breakfast at motel. Uniform: Tropical White Long.
0900—Proceed to Atlantic Command Operations Control Center (LANTCOMOPCONCEN) Auditorium. Welcome and opening remarks by Vice Admiral Ashworth.
CINCLANT/CINCLANTFLT command briefing.
1010—Anti-Submarine Warfare Forces, Atlantic, briefing.
1045**—Proceed to Atlantic Fleet Anti-Submarine Warfare Tactical School.
1055—Briefing and tour of LANTFLTASWTACSCOL.
1200—Admiral Levy Reis proceeds to Commander in Chief, Atlantic Fleet Flag Mess for lunch.
Remainder of party proceeds to Naval Station Commissioned Officers Mess (Open) for lunch.
1315—Admiral Levy Reis departs CINCLANTFLT Mess and joins party.
1330—Proceed to U.S. Naval Amphibious Base, Little Creek (Gate 4).
1400—Arrive U.S. Naval Amphibious Base for briefing and tour by COMPHIBLANT to include ATD, UDT demonstrations and ship visit.
1630—Depart Amphibious Base for quarters.

** Supply Corps officers proceed to Naval Supply Center for briefings and tours 1100–1630 with lunch at Commissioned Officers Mess (Open).
Six instructors proceed to Anti-Submarine Forces, Atlantic Headquarters for tour and briefing on Shipping Control. Luncheon at Commissioned Officers Mess (Open) and participation in regularly scheduled events subsequent to luncheon.

1900—Reception at Commissioned Officers Mess (Open) hosted by Vice Admiral Ashworth. Uniform: Tropical White Long.
Remainder of evening free.
RON—Quality Courts Motel.

THURSDAY, AUGUST 1, 1968—NORFOLK/CAMP LEJEUNE/CHARLESTON

0700—Breakfast at motel. Luggage ready for pick up. Uniform: Tropical White Long.
0845—Depart motel for Naval Air Station, Norfolk.
0915—Depart NAS Norfolk for Marine Corps Air Facility, New River.
1000—Arrive Marine Corps Air Facility, New River. Greeted by Major General J. O. Butcher, USMC, Commanding General, Marine Corps Base and 2nd Marine Corps Band.
1430—Tour of Marine Corps Base and facilities.
1200
1200—Luncheon at Commissioned Officers Mess (Open).
1300
1315—Visit to and observation of demonstrations at Marine Corps Engineers
1400 School.
1400—Visit to 2nd Marine Corps Division Center of Guerilla Warfare.
1445
1515—Visit to Marine Corps Service Supply School.
1545
1615—Depart Marine Corps Air Facility for Charleston, S.C.
1700—Arrive Municipal Airport, Charleston, South Carolina (Air Force arrival portion of terminal). Met by Commandant, Sixth Naval District, Rear Admiral H. J. Kossler, USN. Proceed to Hotel Francis Marion.
1830—Dinner for Admiral Levy Reis hosted by Rear Admiral E. P. Bonner, USN, Commander, Mine Forces Atlantic, at Quarters "B". Uniform: Civilian attire.
Dinner at Hotel Francis Marion for remainder of party.
Evening free.
RON—Hotel Francis Marion.

FRIDAY, AUGUST 2, 1968—CHARLESTON

0700—Breakfast at Hotel Francis Marion. Uniform: Tropical White Long.
0830—Depart hotel en route to Naval Mine Warfare School.
0900—COMINELANT briefing and tour of Mine Warfare School, Mobile Mine Assembly Team, Explosive Ordnance Unit No. 2 and MOS's.
1200—Lunch aboard U.S.S. *Ozark* (MCS 2).
1315—Depart U.S.S. *Ozark* and proceed to Fleet Ballastic Missile Training Center.
1330—Commander, Submarine Flotilla Six briefing and tour of Fleet Ballistic Missile Training Center.
1530—Proceed to Navy Exchange.
1600—Depart Navy Exchange and proceed to Hotel Francis Marion.
1730—Depart hotel and proceed to Commissioned Officers Mess (Open).
1800—Reception hosted by Rear Admiral H. J. Kossler, USN, Commandant, Sixth
2000 Naval District. Uniform: Service Dress White.
2015—Buses depart Commissioned Officers Mess (Open) for hotel.
2230—Buses depart Commissioned Officers Mess (Open) for hotel.
RON—Hotel Francis Marion.

SATURDAY, AUGUST 3, 1968—CHARLESTON

Breakfast as desired at hotel.
1000—*Commercial bus tour of Historic Charleston departing from Hotel Francis Marion.
1230—Historic Charleston tour completed; participants returned to hotel.
Lunch as desired.
Remainder of day and evening free. Bus transportation to be provided from hotel to beach at 1330 and return from beach to hotel at 1630. Bus

* Denotes optional participation.

transportation to be provided from hotel to Commissioned Officers Mess (Open) at 1930 and return from COM(O) to hotel at 2200.
RON—Hotel Francis Marion.

SUNDAY, AUGUST 4, 1968—CHARLESTON

Day free. Church services available as listed in Information Packet to be provided.
1300—Bus transportation provided from hotel to beach with return to hotel at 1630.
1400—Bus transportation provided from hotel to Fort Sumter Docks for harbor tour. Bus transportation provided at 1630 from docks to hotel upon completion of harbor tour.
1830—Bus transportation provided from hotel to Commissioned Officers Mess (Open) with return to hotel at 2200.
RON—Hotel Francis Marion.

MONDAY, AUGUST 5, 1968—CHARLESTON/PATRICK AIR FORCE BASE

0730—Breakfast at hotel. All luggage made ready and placed outside of rooms for pick up. Uniform: Tropical White Long.
0830—Depart hotel for Air Force section of Charleston Municipal Airport.
0930—Depart Charleston en route to Patrick Air Force Base via chartered aircraft.
1030—Arrive Patrick Air Force Base.
1045—Briefing on the Organization and Mission of the Air Force Eastern Test
1145 Range presented by Eastern Test Range staff members.
1150—Informal luncheon at the Atlantic Room, Commissioned Officers Mess
1300 (Open).
1300—Tour of the facilities of the Cape Kennedy Air Force Station and the
1700 Kennedy Space Center. Proceed to motel upon completion of tour.
1900—Poolside Luau at the Commissioned Officers Mess (Open). Uniform: Civilian Informal.
Remainder of evening free.

TUESDAY, AUGUST 6, 1968—PATRICK AIR FORCE BASE/PENSACOLA

0730—Breakfast at motel. Uniform: Tropical White Long.
0830
0730—Luggage ready for pickup.
0830—Depart motel en route to Patrick Air Force Base.
0915—Depart Patrick Air Force Base en route to Naval Air Station Pensacola.
0930—Arrive Naval Air Station Pensacola.
1000—Command briefing by Chief of Naval Air Basic Training representative.
1030—Tour of Naval Aerospace Medical Institute Facilities.
1130—Depart for NAAS, Ellyson Field.
1215—Luncheon at Ellyson Field Bachelors Officers Quarters.
1300—Briefing and tour of HT-8 (Helicopter Training).
1430—Depart for NAAS Saufley Field.
1500—Briefing and tour of VT-1 and VT-5 (Fixed Wing Training).
1630—Depart for Rodeway Inn, 710 Palafox Street, Pensacola.
1815—Depart for NAS Pensacola Officers Club.
1830—Social hour and dinner.
Remainder of evening free.
RON—Rodeway Inn.

WEDNESDAY, AUGUST 7, 1968—PENSACOLA/KEY WEST

0700—Breakfast at motel. Uniform: Tropical White Long.
0800—Luggage ready for pickup.
0815—Depart motel for Naval Air Station Pensacola.
0900—Depart Pensacola via chartered aircraft en route to Naval Air Station Key West.
1200—Arrive Naval Air Station Key West from Pensacola. Met by Rear Admiral F. J. Brush, USN, Commander, Key West Force. Proceed to BOQ.
1300—Luncheon at BOQ.
1400*—Afternoon free. Fishing trip arranged for those desiring to participate.

* Denotes optional participation.

1800—Cocktail party and reception hosted by Rear Admiral Brush at Naval Base Officers Club. Uniform: Tropical White Long.
Remainder of evening free.
RON—BOQ.

THURSDAY, AUGUST 8, 1968—KEY WEST/MIAMI

0800—Breakfast at BOQ. Uniform: Tropical White Long.
0900—Briefing by representatives from Helicopter Squadron One, VX-1, and
1200—Advanced Undersea Weapons School.
1200—Luncheon at Naval Base Officers Club hosted by Rear Admiral Brush.
1400—Coach Train ride covering military facilities in area as well as local points of interest. Tour will terminate at BOQ.
1630—Depart BOQ for Naval Air Station Key West.
1700—Depart NAS Key West for Miami International Airport via chartered aircraft.
1745—Arrive Miami's International Airport. Proceed to Everglades Hotel, 244 Biscayne Boulevard, Miami.
Remainder of evening free.
RON—Everglades Hotel.

FRIDAY, AUGUST 9, 1968—MIAMI

Breakfast at hotel.
Day free for shopping, sightseeing, etc.
1800—Depart Everglades Hotel for Miami International Airport.
1945—Depart Miami en route to Rio de Janeiro via Pan American flight No. 441.

ITINERARY FOR BRAZILIAN NAVAL WAR COLLEGE, FEBRUARY 2–18, 1969

SUNDAY, FEBRUARY 2, 1969—PANAMA

1700—Arrive Tocumen Airport via Pan American flight No. 516. Met by representative of Commander, U.S. Naval Forces, Southern Command/Commandant, Fifteenth Naval District.
Proceed to Continental Hotel.
RON—Continental Hotel.

MONDAY, FEBRUARY 3, 1969—PANAMA

Breakfast at hotel.
0845—U.S. Southern Command briefing at Quarry Heights.
0945—U.S. Army Southern Command briefing.
1115—U.S. Navy Southern Command briefing.
1200—Luncheon at Rodman Officers Club hosted by Rear Admiral G. P. Koch, USN, Commander, U.S. Naval Forces, Southern Command/Commandant, Fifteenth Naval District.
1315—U.S. Air Force Southern Command briefing.
1415—Briefing and tour of Miraflores Locks.
1515—Free time.
1900—Joint reception at Admiral's Quarters, Fort Amador.
RON—Continental Hotel.

TUESDAY, FEBRUARY 4, 1969—PANAMA/MIAMI/HOUSTON

Breakfast at hotel.
0800—Depart Tocumen Airport en route to Miami, via Pan American flight No. 86.
1030—Arrive Miami's International Airport. Met by Lieutenant Commander McBain. Proceed through customs.
1330—Depart Miami's International Airport en route to Houston via National Airlines flight No. 27. Lunch enroute.
1545—Arrive Houston. Met by Captain John C. Allman, USN, Commanding Officer, Naval Reserve Training Center, Houston and Lieutenant F. Turbeville, USN, Naval Reserve Officers' Training Corps Unit, Rice University.
1645—Arrive at Lamar Hotel, Main and Lamar Streets, Houston, Texas.
1900—Reception at Lamar Hotel, Main Banquet Room, hosted by Captain John C. Allman, USN.
RON—Lamar Hotel.

WEDNESDAY, FEBRUARY 5, 1969—HOUSTON

Breakfast at hotel.
0830—Depart hotel for Manned Spacecraft Center, Houston.
0930—Arrive Manned Spacecraft Center Houston. Met by Mr. R. McMurray.
Tour of Manned Spacecraft Center.
1200—Luncheon in Main Cafeteria.
1300—Continue tour of Manned Spacecraft Center.
1430—Depart Manned Spacecraft Center for Astrodome.
1530—Arrive Astrodome. Tour of Astrodome.
1630—Depart Astrodome for hotel.
1700—Arrive hotel.
1830—Hosts and Hostesses meet at hotel to pick up students.
1900—Dinner at homes of members of Institute of International Education.
RON—Lamar Hotel.

THURSDAY, FEBRUARY 6, 1969—HOUSTON/SAN DIEGO

Breakfast at hotel.
Free time.
1030—Check out of hotel.
1100—Depart hotel for Port of Houston.
1200—Arrive Port of Houston for harbor tour hosted by the City of Houston and the Port of Houston aboard the Sam Houston.
Texas barbecue aboard the Sam Houston.
1400—Return to pier. Depart Port of Houston for airport.
1445—Arrive Houston airport.
1530—Depart Houston en route to San Diego via Trans-Texas Airways.
1700—Arrive San Diego's Lindbergh Field, Military Ramp. Met by Rear Admiral M. E. Dornin, USN, Commandant, Eleventh Naval District.
Proceed to Royal Inn at the Wharf.
RON—Royal Inn.

FRIDAY, FEBRUARY 7, 1969—SAN DIEGO

Breakfast at hotel.
0850—Depart hotel.
0900—Welcome by Rear Admiral M. E. Dornin, USN, COMELEVEN, followed by command briefing.
0930—Depart COMELEVEN Headquarters.
1000—Welcome by Vice Admiral J. V. Smith, USN, Commander, Amphibious Force, U.S. Pacific Fleet, followed by command briefing and tour of amphibious facilities.
1230—Luncheon hosted by Vice Admiral J. V. Smith, USN
1400—Depart Amphibious Base.
1440—Arrive Naval Training Center. Vice Admiral Muller to call on Rear Admiral A. A. Bergner, USN, Commanding Officer, Naval Training Center San Diego.
1500—Recruit graduation ceremony. Vice Admiral Muller to be reviewing officer. Full honors to be rendered.
1600—Depart Naval Training Center.
1615—Arrive hotel.
1745—Depart hotel.
1800—Reception hosted by Rear Admiral and Mrs. M. E. Dornin at the Admiral Kidd Club. Uniform: Service Dress Blue.
2000—Depart Admiral Kidd Club.
RON—Royal Inn.

SATURDAY, FEBRUARY 8, 1969—SAN DIEGO

Breakfast at hotel.
0930—Buses depart hotel for Naval Station Exchange Shopping.
1200—Depart Exchange for hotel.
Afternoon and evening free.
RON—Royal Inn.

SUNDAY, FEBRUARY 9, 1969—SAN DIEGO

Morning free for church.
P.M.—Visit San Diego Zoo (optional).
Evening free.
RON—Royal Inn.

MONDAY, FEBRUARY 10, 1969—SAN DIEGO

Breakfast at hotel.
0845—Depart hotel.
0900—Welcome by Major General L. E. English, USMC, Commanding General, Marine Corps Recruit Depot, followed by command briefing, tour of Receiving Station, combat training area and other facilities.
1200—Luncheon hosted by Major General L. E. English, USMC.
1330—Depart MCRD.
1400—Welcome by Captain J. W. Montgomery, USN, Commanding Officer, Naval Development and Training Center followed by command briefing and tour of facilities.
1600—Depart Naval Development and Training Center for hotel.
Evening free.
RON—Royal Inn.

TUESDAY, FEBRUARY 11, 1969—SAN DIEGO/SAN FRANCISCO

Breakfast at hotel.
0845—Depart hotel.
0900—Welcome by Capt. J. D. Reilly, COS, Commander Training Command, U.S. Pacific Fleet followed by command briefing.
0930—Blue Group proceeds to Fleet Anti-Air Warfare Training Center—Commanding Officer—Captain J. C. Weatherwax, USN.
Gold Group proceeds to Anti-Submarine Warfare School—Commanding Officer—Captain A. F. Fischer, Jr., USN.
1015—Blue Group departs FAAWTC.
Gold Group departs ASW School.
1030—Blue Group arrives ASW School.
Gold Group arrives FAAWTC.
1140—Gold Group departs FAAWTC for Admiral Kidd Club.
1145—Blue Group departs ASW School for Admiral Kidd Club.
1150—Blue Group arrives Admiral Kidd Club.
1155—Gold Group arrives Admiral Kidd Club.
Return to hotel. Lunch at hotel.
1200—Luncheon hosted by Rear Admiral E. E. Grimm, USN at Admiral Kidd Club.
1300—Baggage pick-up.
1330—Depart luncheon for San Diego's Lindbergh Field.
1430—
1515—Depart San Diego en route to San Francisco via United Airlines flight No. 524.
1710—Arrive San Francisco. Met by Rear Admiral Leo B. McCuddin, USN, Commandant, Twelfth Naval District or his representative.
Proceed to Sheraton-Palace hotel.
RON—Sheraton-Palace hotel.

WEDNESDAY, FEBRUARY 12, 1969—SAN FRANCISCO

Breakfast at hotel.
0830—Depart hotel for Grayline tour of San Francisco.
1130—Return to hotel.
Afternoon free.
1740—Depart hotel for Treasure Island.
1800—Reception hosted by Rear Admiral and Mrs. Leo B. McCuddin.
Uniform: Service Dress Blue.
2000—Return to hotel.
RON—Sheraton-Palace Hotel.

THURSDAY, FEBRUARY 13, 1969—SAN FRANCISCO

Breakfast at hotel.
0945—Depart hotel for Naval Air Station Alameda. Uniform: Service Dress Blue.
1015—Arrive Naval Air Station Alameda, Building #1. Briefing by Captain M. Vance Dawkins, USN, Commanding Officer, NAS Alameda followed by tour of Naval Air Rework Facility by Captain S. T. Armstrong, USN, Commanding Officer, Naval Air Rework Facility.
1200—Luncheon hosted by Captain M. Vance Dawkins, USN.

1330—Depart NAS Alameda.
Remainder of afternoon and evening free.
RON—Sheraton-Palace Hotel.

FRIDAY, FEBRUARY 14, 1969—SAN FRANCISCO/LOS ANGELES

Breakfast at hotel.
Free time.
1645—Depart San Francisco en route to Los Angeles via United Airlines flight No. 525.
1740—Arrive Los Angeles. Met by Commander Naval Base Los Angeles representative.
Proceed to Edgewater Inn, Long Beach.
RON—Edgewater Inn.

SATURDAY, FEBRUARY 15, 1969—LOS ANGELES

Breakfast at hotel.
0900—Depart hotel for Universal Studios.
1000—Tour Universal Studios, Hollywood. Lunch at Studio.
1400—(approximately) Depart Universal Studios for hotel.
Remainder of afternoon and evening free.
RON—Edgewater Inn.

SUNDAY, FEBRUARY 16, 1969—LOS ANGELES

Breakfast at hotel.
1100—Depart hotel for Disneyland.
1200—Arrive Disneyland. Lunch.
1300—Tour Disneyland.
1700—(approximately) Depart Disneyland for hotel.
1830—Evening free. RADM H. V. Byrd, USN, CDR., Naval Base, Los Angeles/Long Beach.
RON—Edgewater Inn.

MONDAY, FEBRUARY 17, 1969—LOS ANGELES

Breakfast at hotel.
0815—Depart hotel for North American-Rockwell, Space Division, Downey, Calif. Uniform: Service Dress Blue.
0900—Tour North American-Rockwell, Space Division.
1100—Depart North American-Rockwell for Lockheed Aircraft Corp., Burbank, Calif.
1200—Arrive Lockheed Aircraft Corp. Lunch.
1300—Tour Lockheed Aircraft Corp.
1500—Depart Lockheed Aircraft Corp. for hotel.
Evening free.
RON—Edgewater Inn.

TUESDAY, FEBRUARY 18, 1969—LOS ANGELES/RIO DE JANERIO

Breakfast at hotel.
0730—Check out of hotel. Depart for Los Angeles International Airport.
0830—Arrive Los Angeles International Airport.
0930—Depart Los Angeles en route to Rio de Janerio via Pan American flight No. 515.

ITINERARY FOR THE ORIENTATION VISIT OF THE BRAZILIAN NAVAL WAR COLLEGE—JANUARY 18–FEBRUARY 4, 1970

SUNDAY, JANUARY 18, 1970

1700—Arrive Tocumen International Airport via Pan American flight 516.
Proceed to Continental Hotel.
RON—Continental Hotel.

MONDAY, JANUARY 19, 1970

Breakfast at hotel.
0845—USCINCSO briefing at Fort Amador Post Theater.
0945—USARSO briefing.
1100—USNAVSO briefing.
1200—Luncheon at Rodman Officers Club hosted by Rear Admiral Charles D. Nace, USN, Commander, U.S. Naval Forces, Southern Command/Commandant, Fifteenth Naval District.
1400—USAFSO briefing at Albrook Air Force Base.
1510—Briefing and tour of Miraflores Locks.
1930—Reception hosted by Brazilian Ambassador.
RON—Continental Hotel.

TUESDAY, JANUARY 20, 1970

0500—Baggage pickup.
0515—Depart Continental Hotel for Tocumen International Airport.
0800—Depart Panama for Miami via Pan American flight 86.
1035—Arrive Miami International Airport. Met by Commanding Officer, Naval Reserve Training Center representative.
Clear customs.
Proceed to International Airport Hotel. Check in.
Evening free.
RON—International Airport Hotel.

WEDNESDAY, JANUARY 21, 1970

Breakfast at hotel.
Morning free.
Lunch at hotel.
1435—Depart Miami International Airport via Air West charter (local agent representing Air West is Despatch Services Inc.) CAM 22.
1500—Arrive Patrick Air Force Base. Met by Commanding Officer, Air Force Eastern Test Range representative.
Briefing on arrival.
Proceed to Holiday Inn Motel, Cocoa Beach.
RON—Holiday Inn Motel.

THURSDAY, JANUARY 22, 1970

Breakfast at hotel.
0900—Depart hotel.
0915—Arrive Cape Kennedy, South Gate.
0925—Briefing and tour of Space Museum.
1035—Tour of ICBM Road.
1100—Tour and briefing of Titan III Facility.
1205—Lunch in cafeteria.
1305—Depart cafeteria for Kennedy Space Center.
1315—Briefing and tour of Kennedy Space Center.
1620—Depart Kennedy Space Center. Return to Patrick Air Force Base.
1615—Depart Patrick Air Force Base via Air West charter CAM 23 en route to San Diego (dinner on board).
2015—Arrive San Diego's Lindbergh Field, Military Ramp, General Dynamics, via Air West charter CAM 23. Met by Rear Admiral M. E. Dornin, USN, Commandant, Eleventh Naval District.
2215—Proceed to Royal Inn At The Wharf. Check in.
RON—Royal Inn.

FRIDAY, JANUARY 23, 1970

Breakfast at hotel.
0900—Depart Royal Inn.
0915—Welcome by Rear Admiral M. E. Dornin, USN, COMELEVEN, followed by command presentation; NSC conference room, 5th deck.
0940—Depart.
1000—Visit Naval Amphibious Base as arranged by COMPHIBPAC, including helo rescue demonstration on ship, if possible.
1200—Reception and luncheon hosted by Vice Admiral J. V. Smith, USN, COMPHIBPAC

1330—Depart.
1410—Arrive Naval Training Center.
1430—Recruit Graduation Ceremony. Vice Admiral Muller act as reviewing officer. Honors to be rendered, including 15 gun salute.
1530—Return to Royal Inn.
1825—Depart Royal Inn for Admiral Kidd Club.
1830—Reception hosted by Rear Admiral and Mrs. M. E. Dornin.
Uniform: Service Dress: Blue.
2030—Depart Admiral Kidd Club.
RON—Royal Inn.

SATURDAY, JANUARY 24, 1970 (OPTIONAL ACTIVITIES)

0930—Buses depart Royal Inn.
0945—Shopping at Navy Exchange.
1200—Buses depart Navy Exchange for Royal Inn.
1400—Bus departs Royal Inn for visit to Sea World.
1700—Bus departs Sea World for return to Royal Inn.
Evening free.
RON—Royal Inn.

SUNDAY, JANUARY 25, 1970 (OPTIONAL ACTIVITIES)

A.M.—Free time.
1330—Buses depart Royal Inn for visit to San Diego Zoo.
1600—Buses depart Zoo for return to Royal Inn.
Evening free.
RON—Royal Inn.

MONDAY, JANUARY 26, 1970

Breakfast at hotel.
0845—Buses depart Royal Inn.
0900—Arrive Fleet Anti-Submarine Warfare School, Building 52, for command briefing by Captain B. D. Gaw, USN, Chief of Staff, COMTRAPAC.
0925—Blue Group departs for Fleet Anti-Air Warfare Training Center.
Gold Group remains at FLEASWSCOL for presentation and tour of training facilities by Captain J. C. Weatherwax, USN, Commanding Officer.
0935—Blue Group arrives FAAWTC for briefing and tour of training facilities by Captain R. B. Pettitt, USN, Commanding Officer.
1040—Blue Group departs FAAWTC.
Gold Group departs FLEASWSCOL.
1050—Blue Group arrives FLEASWSCOL.
Gold Group arrives FAAWTC.
1150—Blue Group departs FLEASWSCOL for Marine Corps Recruit Depot Depot Officers Club.
Gold Group departs FAAWTC for Marine Corps Recruit Depot Officers Club.
1200—Arrive Marine Corps Recruit Depot Officers Club for reception and luncheon hosted by Major General J. N. McLaughlin, USMC, Commanding General, Marine Corps Recruit Depot.
1300—Tour of Marine Corps Recruit Depot.
1530—Depart.
Evening free.
RON—Royal Inn.

TUESDAY, JANUARY 27, 1970

Breakfast at hotel.
0930—All baggage in lobby of Royal Inn ready for pickup. All members of the College should be checked out of rooms.
0950—Buses depart Royal Inn for sightseeing trip around San Diego including visit to Cabrillo Monument, Mount Soledad, and downtown La Jolla. An informal luncheon will be arranged prior to departure.
1400—Depart San Diego's Lindbergh Field, Military Ramp, en route to San Francisco via Air West charter, CAM 24.
1500—Arrive San Francisco International Airport. Met by Commandant, Twelfth Naval District representative.
Proceed to St. Francis Hotel. Check in.
Evening free.
RON—St. Francis Hotel.

WEDNESDAY, JANUARY 28, 1970

Breakfast at hotel.
0900—Depart hotel via Grayline charter bus for tour of San Francisco.
1200—Lunch at Castagnola's Restaurant on Fisherman's Wharf.
1300—Depart Fisherman's Wharf for tour of Muir Woods (Redwood Forest).
1600—Return to hotel.
1800—Depart for Treasure Island.
1830—Arrive Treasure Island for reception hosted by Rear Admiral Leo B. McCudden, USN, Commandant, Twelfth Naval District, and Mrs. McCudden at Garden Room, Fleet Admiral Nimitz Club. Uniform: Service Dress Blue.
2030—Depart for hotel.
Evening free.
RON—St. Francis Hotel.

THURSDAY, JANUARY 29, 1970

Breakfast at hotel.
0830—Depart hotel for Naval Air Station, Alameda for briefing and tour of Naval Air Rework Facility.
1130—Lunch at Officers Club, NAS Alameda, hosted by Captain J. L. Holbrook, USN, Commanding Officer, NAS, Alameda.
1300—Depart NAS Alameda for Ghiradelli Square, San Francisco, for sightseeing and shopping.
Remainder of day free.
RON—St. Francis Hotel.

FRIDAY, JANUARY 30, 1970

Breakfast at hotel.
0900—Baggage picked up by handling detail. Check out.
0930—Depart for San Francisco Bay Naval Shipyard at Hunters Point for briefing and tour.
1130—Lunch at Hunters Point Officers Club hosted by Captain Lucas B. Mayer, USN, Deputy Shipyard Commander.
1300—Tour of *U.S.S. Oriskany* (CVA-34) undergoing overhaul at Shipyard.
1530—Depart *U.S.S. Oriskany* en route San Francisco International Airport.
1550—Arrive airport.
1630—Depart San Francisco via Air West charter CAM 25 for Los Angeles
1730—Arrive Los Angeles International Airport. Met by Commander, Naval Base Los Angeles representative.
1800—Depart for Edgewater Hyatt House.
1900—Arrive Hyatt House. Check in.
Evening free.
RON—Hyatt House.

SATURDAY, JANUARY 31, 1970

Breakfast at hotel.
0900—Depart for Universal Studios.
1000—Tour studios.
1200—Lunch at studios.
1400—Depart for hotel.
Evening free.
RON—Hyatt House.

SUNDAY, FEBRUARY 1, 1970

Breakfast at hotel.
1000—Depart for Disneyland. Uniform: Civilian Attire.
1100—Commence tour of Disneyland.
1200—(about) Lunch at Blue Bayou.
1300—(about) Continue tour.
1700—Depart for hotel.
Evening free.
RON—Hyatt House.

MONDAY, FEBRUARY 2, 1970

Breakfast at hotel.
0815—Depart for North American Rockwell, Space Division, Downey, Calif.
Uniform: Service Dress Blue.
0900—Commence tour at gate 19A on Lakewood Boulevard.
1130—Depart for hotel.
Afternoon, free (bus available for trip to Navy Exchange).
Evening free.
RON—Hyatt House.

TUESDAY, FEBRUARY 3, 1970

Breakfast at hotel.
0800—Depart for Douglas Aircraft Company, Long Beach.
0830—Commerce briefing/tour.
1100—Depart for Allen Center.
1130—Arrive Allen Center for luncheon hosted by Rear Admiral H. V. Bird, USN, Commander Naval Base Los Angeles-Long Beach/Commander Mine Force, U.S. Pacific Fleet.
1400—Depart for tour of U.S.S. *Bronstein* (DE-1037).
1600—Depart for hotel.
Evening free.
RON—Hyatt House.

WEDNESDAY, FEBRUARY 4, 1970

Breakfast at hotel.
0800—Load baggage. Check out.
0900—Depart for Los Angeles International Airport.
1000—Depart Los Angeles via American Airlines flight 006.
1816—Arrive JFK International Airport.
2100—Depart New York via Pan American flight 201.

THURSDAY, FEBRUARY 5, 1970

0840—Arrive Rio de Janeiro.

NAMES AND POSITIONS OF AMERICANS MET BY PARTICIPANTS

NATIONAL (SUPERIOR WAR SCHOOL) WAR COLLEGE, GROUP I (MAY 16–JUNE 7, 1968)

Major General G. B. Dany, USAF, Chief of Staff, U.S. Southern Command.
Rear Admiral George P. Koch, USN, Commander, U.S. Naval Forces, Southern Command.
Major General R. J. Clizbe, USAF, Commander, U.S. Air Forces, Southern Command.
Captain Belcher, USN, Professor of Naval Science, University of Louisville.
Captain J. G. Downing, USN, Commanding Officer, Navy and Marine Corps Reserve Training Center, Denver.
Lieutenant Commander Dean H. Chancellor, Commanding Officer, Navy and Marine Corps Reserve Training Center, San Antonio.
Major General F. W. Norris, USA, Commandant Armed Forces Staff College.
Rear Admiral A. F. Fleming, USN, Assistant Deputy Chief of Naval Operations (Plans and Policy).

NATIONAL (SUPERIOR WAR SCHOOL) WAR COLLEGE, GROUP II (JUNE 26–JULY 10, 1968)

Brigadier General John J. Kinney, Acting Commanding General and Assistant Commandant of the U.S. Army Artillery Missile School.
Major General L. English, Commanding General, Marine Corps Recruit Depot, San Diego.
Rear Admiral Marshall E. Dornin, Commandant, Eleventh Naval District.
Rear Admiral George R. Muse, Commander, Naval Reserve Training Command, Omaha.
Mr. James A. Moore, Director, Division of International Affairs, Department of Housing and Urban Dvelopment.

MGen John B. Henry, USAF, Director, Inter-American Defense College.
LGen James D. Alger, USA, Inter-American Defense Board.
Mr. Walt Rostow, Special Assistant, International Security Affairs, OSD.
Vice Admiral F. J. Blouin, Deputy Chief of Naval Operations (Plans and Policy).
Rear Admiral Elliott Loughlin, USN, Commandant, Naval District, Washington.
Mr. Eugene Rostow, State Department.
LGen Louis J. Fields, USMC, Commanding General, U.S. Marine Corps Development and Education Command.

BRAZILIAN NAVAL WAR COLLEGE (JULY 17–AUGUST 9, 1968)

Rear Admiral G. P. Koch, USN, Commander, U.S. Naval Forces, Southern Command/Commandant, Fifteenth Naval District.
Colonel K. A. Frith, USA, Foreign Liaison Officer, USCINCSO.
MGen Sanborn, USAF, Commander, U.S. Air Force, Southern Command.
Rear Admiral G. R. La Rocque, USN, Director, Pan American Affairs, Office of the Chief of Naval Operations.
MGen J. B. Henry, USA, Director, Inter-American Defense College.
Rear Admiral F. D. Foley, USN, Commandant, Third Naval District.
Rear Admiral C. D. Nace, USN, Commander, Submarine Flotilla Two.
Vice Admiral J. T. Hayward, USN, President, Naval War College.
Rear Admiral Means Johnston, Jr., Commander, Naval Base Newport.
Vice Admiral F. L. Ashworth, USN, Deputy Commander in Chief, Atlantic.
MGen J. O. Butcher, USMC, Commanding General, Marine Corps Base and 2nd Marine Corps Band, Camp Lejuene.
Rear Admiral H. J. Kossler, USN, Commandant, Sixth Naval District.
Rear Admiral E. P. Bonner, USN, Commander, Mine Forces Atlantic, Charleston.
Rear Admiral F. J. Brush, USN, Commander, Key West Force.

BRAZILIAN NAVAL WAR COLLEGE (FEBRUARY 2–18, 1969)

Rear Admiral G. P. Koch, USN, Commander, U.S. Naval Forces, Southern Command/Commandant, Fifteenth Naval District.
Captain John C. Allman, USN, Commanding Officer, Naval Reserve Training Center, Houston.
Mr. R. McMurray, Manned Spacecraft Center, Houston.
Rear Admiral M. E. Dornin, USN, Commandant, Eleventh Naval District.
Vice Admiral J. V. Smith, USN, Commander, Amphibious Force, U.S. Pacific Fleet.
Rear Admiral A. A. Bergner, USN, Commanding Officer, Naval Training Center, San Diego.
Major General L. S. English, USMC, Commanding General, Marine Corps Recruit Depot, San Diego.
Captain J. D. Reilly, Chief of Staff, Training Command, U.S. Pacific Fleet.
Captain J. C. Weatherwax, Commanding Officer, Fleet Anti-Air Warfare Training Center.
Captain A. F. Fischer, Jr., USN, Commanding Officer Anti-Submarine Warfare School.
Rear Admiral E. E. Grimm, USN, Commander, Training Command, U.S. Pacific Fleet.
Rear Admiral Leo B. McCuddin, USN, Commandant, Twelfth Naval District.
Captain M. Vance Dawkins, USN, Commanding Officer, NAS, Alameda.
Captain S. T. Armstrong, USN, Commanding Officer, Naval Air Rework Facility.
Rear Admiral H. V. Byrd, USN, Commander Naval Base Los Angeles/Long Beach.

BRAZILIAN NAVAL WAR COLLEGE (JANUARY 18–FEBRUARY 4, 1970)

Rear Admiral Charles D. Nace, USN, Commander, U.S. Naval Forces, Southern Command/Commandant, Fifteenth Naval District.
Rear Admiral M. E. Dornin, USN, Commandant, Eleventh Naval District.
Vice Admiral J. V. Smith, USN, COMPHIBPAC.
Captain B. D. Gaw, USN, Chief of Staff, COMTRAPAC.
Captain J. C. Weatherwax, USN, C.O., FLEASWSCOL.
Captain R. B. Pettitt, USN, C.O., FAAWTC.
Rear Admiral Leo B. McCuddin, USN, Commandant, Twelfth Naval District.
Captain J. L. Holbrook, USN, C.O., NAS, Alameda.
Captain Lucas B. Mayer, USN, Deputy Shipyard Commander, Hunter's Point.

NUMBER OF PARTICIPANTS FOR EACH VISIT

National (Superior War School) War College, Group I: (16 May–7 June 1968). Number of Participants: 65.

National (Superior War School) War College, Group II: (26 June–19 July 1968). Number of Participants: 70.

Brazilian Naval War College: (17 July–9 August 1968). Number of Participants: 74.

Brazilian Naval War College: (2–18 February 1969). Number of Participants: 63.

Brazilian Naval War College: (18 January–4 February 1970). Number of Participants: 59.

COST OF EACH VISIT AND SOURCE OF FUNDS

National (Superior War School) War College, Group I: (16 May–7 June 1968).

National (Superior War School) War College, Group II: (26 June–19 July 1968). Cost, $153,910 (for both groups); funds, MAP.

Brazilian Naval War College: (17 July–9 August 1968). Cost, $90,900; funds, MAP.

Brazilian Naval War College: (2–18 February 1969). Cost, $53,200; funds, MAP.

Brazilian Naval War College: (18 January–4 February 1970). Cost, $67,090; funds, MAP.

CIVIC ROLE OF BRAZILIAN ARMED FORCES

Mr. HOLT. You also discuss the civic responsibilities of the Brazilian Armed Forces and the traditional role of the Brazilian Armed Forces in this respect. Has this role grown in the last 5 years?

General BEATTY. It has not. It is about the same as it has been since our records go back, which is 1962. It is about the same as it was before the 1964 change of government, and it has been the same right on through—just seems to be sort of a constant. It stays there because these people are useful in a variety of positions, and so they do it on a detached or reserve or retired basis.

Mr. HOLT. Are you saying that the Brazilian Armed Forces don't have any more to do with running the country now than they did 5 years ago?

General BEATTY. [Deleted.]

Mr. HOLT. Ten years ago?

General BEATTY. [Deleted.] What I am saying is that the people with managerial and administrative capabilities that are useful in these types of jobs seems to be constant; that they are used in these places about the same as they were before 1964.

Mr. HOLT. I see. Your comment is limited to the thousand positions to which your statement refers as normally held by military men.

General BEATTY. No; I am saying because of their background and schooling many of the military people are used in civil type jobs, a thing we don't find as much, for instance, in this country.

CONTRIBUTION TO DOMINICAN REPUBLIC INTERVENTION

Mr. HOLT. Later on you say Brazil was one of two South American countries to provide substantial forces in the Dominican Republic. What was the other one?

General BEATTY. I think it was Paraguay.

Mr. HOLT. Thank you.

General BEATTY. Brazil sent a battalion and Paraguay sent a company.

UNITED STATES-BRAZILIAN MILITARY AGREEMENTS

Mr. HOLT. I would like to turn briefly now to the attachments to your statement. You list a number of United States-Brazilian military agreements and footnote it saying, "Sales agreements, vessel and equipment loans, lease agreements, and expired agreements are not included."

Can we correctly take it from that that all of the agreements you did list are still in force?

General BEATTY. This is my understanding from our legal section. [Deleted.]

Mr. HOLT. There is an agreement here dated 1942 respecting a naval mission which provides that, among other things, "the members of the mission will be responsible solely to the Ministry of Marine of Brazil through the chief of mission; members of the mission shall receive from the Government of Brazil such net annual compensation expressed in U.S. currency as may be agreed upon for each individual member," and there follow——

General BEATTY. It sounds pretty good; doesn't it?

Mr. HOLT. Yes; and I had thought that there was a provision of law which prohibited this sort of thing now.

General BEATTY. There is and they do not.

Mr. HOLT. But the agreement is still in force.

General BEATTY. Well, there is an addition to that one which states that the naval mission will undertake the naval responsibilities of any other bilateral missions and therefore they will do this job. So the Navy section of the Joint Brazil-United States Military Commission is also the naval mission to Brazil, and of course, their No. 1 loyalty is to the United States, and the provisions which provide for pay and all the other emoluments that you read there have gone into discard and are no longer used.

Mr. HOLT. Thank you.

PATENT LICENSES IN MAP

The Mutual Defense Assistance Agreement dated 1952 provides, among other things:

> The two Governments will, upon request of either of them, negotiate appropriate arrangements between them to provide for the availability of patent licenses and technical information required in furtherance of the objective of this agreement.

General BEATTY. Where do you find that, Pat?

Mr. HOLT. That is article 3. And my question is, within the framework of the military assistance program, Brazil, do we have any arrangements about the availability of patent licenses, technical information, and so on?

General BEATTY. This has not come up since I have been there, and I don't know that it has in recent years. It probably was put in there in the course of trying to facilitate the exchange of information of a highly technical type but it has not come up since I have been there.

Mr. HOLT. There is also an agreement——

General BEATTY. Mr. Knaur says this is a standard clause that goes in all of the agreements of this type.

Mr. HOLT. There is also an agreement dated 1952 for an aerial mapping program. How does this differ from the Inter-American Geodetic Survey, or is it the same thing?

General BEATTY. Well, it really is in furtherance of—in other words, this was arrived at in order to facilitate the aerial mapping program that was going on.

UNIDENTIFIED SOURCE OF RIOT EQUIPMENT

Mr. HOLT. You were here this morning and heard the discussion with Mr. Brown about the use of equipment that had USA stenciled on it in connection with the Brasilia University trouble in 1968, and Mr. Brown said he had investigated sufficiently to be sure that this was not AID public safety equipment.

Can you tell us whether it was MAP equipment?

General BEATTY. This morning was the first time I ever heard of it, and I have no idea.

Mr. HOLT. For the record, what are the dates of your service in Brazil?

General BEATTY. I arrived there August 20, last year—1970.

MILGROUP'S RELATIONSHIP TO INTELLIGENCE AGENCIES

Mr. HOLT. What relationship, if any, does your Milgroup have to the intelligence agencies of the Brazilian Armed Forces or other intelligence agencies of the Brazilian Government?

General BEATTY. None.

Mr. HOLT. Do you know anything about CODI?

General BEATTY. I read about it in O Globo, but that is all.

Mr. HOLT. What does O Globo say?

General BEATTY. The O Globo defines them variously, good, bad, and indifferent.

Mr. HOLT. It is a Brazilian military operation though; isn't it?

General BEATTY. I can't even swear to that; I don't even know that.

DISCONTINUATION OF GRANT MATERIEL ASSISTANCE

Mr. HOLT. You said grant materiel assistance to Brazil had been ended. Do you contemplate that this is a permanent or reasonably indefinite condition?

General BEATTY. Yes; I do inasmuch as their economy is doing so well.

Senator CHURCH. Have you supplied, General, for the record, the total amount of grant aid that we have furnished Brazil?

General BEATTY. Yes, sir.

Mr. HOLT. Yes.

Senator CHURCH. And does this information break down the data so that we can be—so that the record will show what kind of weapons have been supplied?

General BEATTY. The information does break it down.

(The information follows:)

MAP DELIVERIES TO BRAZIL

[In thousands of dollars]

Category/item	Fiscal year[1] 1950/1963	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966	Fiscal year 1967	Fiscal year 1968	Half-year July-December 1968	Quarter January-March 1969	Quarter April-June 1969	Quarter July-September 1969	Quarter October-December 1969	Quarter January-March 1970	Quarter April-June 1970	Total
[Deleted.]														
Total aircraft	46,797	1,494	1,489	2,929	1,861	1,123	943	283	----------	174	45	27	31	57,196
[Deleted.]														
Total ships	21,480	148	3,217	260	512	229	90	25	73	17	177	8	1,092	27,328
[Deleted.]														
Total vehicles and weapons	30,889	1,264	1,565	1,416	2,425	2,865	1,186	470	697	264	83	177	102	43,393
Total ammunition	9,914	989	999	879	592	1,258	115	----------	90	1	19	2	17	14,875
Total communications equipment	13,803	286	1,039	692	2,169	1,892	257	81	222	258	259	36	95	21,089
Total other equipment	4,731	2,261	748	958	2,205	2,865	454	438	116	164	101	43	176	15,260
Total repair and rehabilitation	3,207	333	168	234	304	197	6	12	----------	1	----------	----------	----------	4,462
Total supply operations	13,987	1,350	1,032	1,040	2,089	858	----------	----------	----------	----------	----------	----------	----------	20,356
Total training	3,679	555	687	602	1,141	1,123	----------	1	858	1	511	173	----------	9,331
Total other services	2,084	435	496	507	148	219	154	27	38	3	34	198	46	4,389
Total grant aid	150,571	9,115	11,440	9,517	13,446	12,619	3,205	1,337	2,094	883	1,229	664	1,559	217,679

[1] Not available by year prior to fiscal year 1964.

Senator CHURCH. You personally are satisfied that it is no longer necessary or advisable for the United States to give Brazil more military equipment, more military weapons under the grant program?

General BEATTY. Well, of course, that isn't my decision to make, but——

Senator CHURCH. Do you quarrel with that decision?

General BEATTY. Negative.

Senator CHURCH. Personally.

General BEATTY. Negative.

Senator CHURCH. What about excess weapons that we recondition and distribute to foreign governments; that is to say, weapons that we declare excess to our own needs and then supply through military assistance channels to other governments. Are weapons of this character being supplied to Brazil?

General BEATTY. No, they are not.

MILITARY SALES TO BRAZIL

Senator CHURCH. What about the sale of military equipment to Brazil; do you handle the sale of equipment through your mission?

General BEATTY. We participate in the negotiation would be the proper way to say it. Actually, normally the sales are consummated here in Washington between the Department of Defense and the military purchasing committee from Brazil, but we do participate in the arrangements.

Senator CHURCH. Now, in fiscal year 1971, if I read this chart correctly, we are selling $20 million worth of military weapons, military equipment to Brazil, and in fiscal year 1972 an estimated total of $60 million. Do you know what we contemplate selling in the upcoming year to the Government of Brazil?

General BEATTY. There are a number of things which the Brazilians are interested in. They want to purchase, and are planning to purchase, some tanks, armored personnel carriers, self-propelled artillery, and some towed artillery for the Army. They would like to purchase some helicopters and some C-130's for their Air Force, and their Navy is——

Senator CHURCH. The figure, General, comes from a report given this committee under the caption "International Security Assistance Program, Foreign Military Sales." It is part of the congressional presentation for the fiscal year 1972.

General BEATTY. I think that is a proposal, sir, rather than that because we just have not negotiated for any of it yet.

Mr. KNAUR. Mr. Chairman, may I just say——

Senator CHURCH. Yes.

Mr. KNAUR. Being based in Washington and having to do with putting together that book, that is merely an illustrative figure of what would be conceivable as a sales project for Brazil for the upcoming fiscal year.

Senator CHURCH. Well, if the figure has any meaning at all, it must reflect what the Government of the United States plans to sell Brazil in the coming year.

Mr. KNAUR. It is more, sir; rather than planned, what we see as possible.

Senator CHURCH. What would account for the increase from $20 million to $60 million then in military sales? What has taken place that would lead you to believe that the sales program to Brazil will be tripled?

Mr. KNAUR. Well, one of the things that would enter into that is that the new legislation increases the ceiling because, as you know, there is a ceiling for all of Latin America which up until this year was $75 million.

The new legislation proposes a ceiling of $150 million.

Senator CHURCH. That would require congressional approval, would it not?

Mr. KNAUR. Yes, sir; that is the legislation which has already been submitted by the President.

Senator CHURCH. Now these particular sales, would they involve or could they involve equipment that we have declared excess to our own needs, and reconditioned for sale?

Mr. KNAUR. They could, but I don't think they do. I don't think this particular illustrative package does include excess equipment.

Senator CHURCH. So it is your judgment that the proposed program would involve new equipment?

Mr. KNAUR. New production, sir; yes, sir.

Senator CHURCH. Newly produced equipment.

Mr. KNAUR. Yes, sir.

CASH AND CREDIT SALE ARRANGEMENTS

Senator CHURCH. Your illustrative chart shows that $40 million is allocated to cash sales and $20 million is allocated to credit sales for the fiscal year 1972. Can you describe the specifics of the typical cash sale arrangement and a credit sale arrangement, so that the two can be adequately distinguished?

Mr. KNAUR. Well, an FMS cash sale arrangement would be between the Government of Brazil and the U.S. Department of Defense and would be on a dependable undertaking cash basis.

Senator CHURCH. The cash to be paid on delivery, is that the meaning of a cash sale?

Mr. KNAUR. Essentially it means that we agree to procure for a foreign government and that foreign government agrees to pay the full amount of such contract and that they will make funds available in such amounts and at such times as may be required to meet payments required by the contract.

Senator CHURCH. And the entire amount is paid on delivery?

Mr. KNAUR. Yes.

Senator CHURCH. It is a cash transaction. What about the credit sale?

Mr. KNAUR. A credit sale, or, as it is called, a Foreign Military Sales Agreement, can be in support of a foreign country's purchase of defense articles or services from the U.S. Department of Defense or purchased directly from U.S. industry. The credit agreement can provide for (1) all credit being furnished direct from the U.S. Government using FMS credit funds appropriated to the Department of Defense; (2) a mix of direct FMS credit and private bank credit with the latter being guaranteed by the U.S. Government. In this case, 25 percent of the value of the private financing is the amount of FMS credit funds

required to be set aside for the guarantees; and (3) a credit agreement entirely financed by private banks with a U.S. Government guarantee of the entire amount of the private bank loan using the FMS Act guarantee provision. The credit would be repayable within 10 years since section 23 of the FMS Act prohibits repayments in excess of 10 years. The rate of interest on direct FMS credit is the cost of money to the U.S. Government at the time a credit agreement is signed. The credit sale would most probably be government to government sale, although it could be a commercial sale repayable within 10 years with a rate of interest at the current cost of money to the Government at the time the credit agreement is signed.

Senator CHURCH. Is there any element of subsidy in that kind of a credit sale?

Mr. KNAUR. No, sir; there is not.

AVAILABILITY OF HARD FIGURES TO CONGRESS ON SALES

Senator CHURCH. Since this is just an illustrative program based on what must be nothing more than a guess, how can Congress obtain any hard figures on military sales in advance of their taking place?

Mr. KNAUR. It isn't just a guess; it is not made up out of the whole cloth, General Beatty and his people, and our people here in Washington have a continuing dialog with Brazilian military people in-country and attaché people in Washington. These are items in which the Brazilians have expressed an interest which we could foresee selling them if they satisfy valid requirements. But there are various criteria which would have to be met before the sale is consummated.

Senator CHURCH. We have had experience with these illustrative proposals, illustrative programs, in the past and have found afterward that it was hard to even correlate the figures we were given with what later transpired, not to my knowledge in connection with Brazil, but in connection with some other countries.

Mr. KNAUR. In connection with sales, sir; or in connection with excess?

Senator CHURCH. In connection with both. Though, as I recall, the most flagrant cases involved a large quantity of excess weapons, as in the case of Taiwan, for example.

Mr. KNAUR. That was because at that time we made our presentation document we were not in a position to foresee or to predict what would become excess for the remainder of the fiscal year.

Senator CHURCH. Have you ever undertaken to study your projected programs as presented to the Congress and correlate those projections with what the programs actually were after the fact, so as to determine how close you normally come in your estimates?

Mr. KNAUR. Personally I have not. But I understand they correlate fairly well as far as what was done at the completion of a fiscal year and what we had foreseen as an illustrative sale package for a country.

Senator CHURCH. Have you done any studies that would bear this out?

Mr. KNAUR. No, we have not. I mean I am not aware of any, let me put it that way.

Senator CHURCH. This question keeps coming up with greater and greater frequency in the committee because of the growing feeling that the projected programs that we look at when the Foreign Aid

Act is before us have insufficient relation to what actually happens. This is undermining confidence in these particular presentations. If you have any studies that would bear out what you say, I think it would be helpful to the foreign aid program if those studies were presented so that this feeling that is developing in the committee could be allayed.

Mr. KNAUR. If there are any papers, sir, can I submit them for the record at this point?

Senator CHURCH. Yes, please do.

INTEREST RATE TERMS FOR CREDIT SALES

Now, in connection with these credit sales, are the terms equivalent to those that are provided by the Eximbank on sales of military equipment that the Bank finances?

Mr. KNAUR. I believe—the terms that are under the foreign military credit sales are what it costs the Government to borrow the money to finance the sales at the time the credit agreement is signed. It is the current cost of money.

Senator CHURCH. Are provisions written into these contracts that would protect the Government against losses that would be incurred if interest rates to the Government go up during the period of the contract?

Mr. KNAUR. No, it is the current cost.

Senator CHURCH. So if you had a contract that lasted for 10 years, the Government is gambling that whatever interest rate is established will prove sufficient over the 10-year period.

Mr. KNAUR. Yes, sir; as is the country in case it goes down.

Senator CHURCH. And there is no provision that would provide for an adjustment.

Mr. KNAUR. That is correct. I don't think either party would be prepared to take that chance because of the escalatory and deescalatory possibility.

MILITARY SALES TO BRAZIL FROM OTHER COUNTRIES

Senator CHURCH. In your statement, General, you said that up until recently Brazil obtained its military equipment mainly from the United States, and I take it from that phrase, until recently, that Brazil is now purchasing equipment and supplies for the military from other countries.

General BEATTY. That is correct.

Senator CHURCH. What countries in the main are they now buying from in addition to the United States?

General BEATTY. Germany, England, France, Italy, are the main ones. They have smaller, I understand, suppliers, but those are the principal ones. Aircraft from Italy and France, boats from Germany, and frigates from England.

Senator CHURCH. Do you see any objection to this?

General BEATTY. I think it would be in our interest if they did not, for the simple reason that when you introduce a piece of equipment, particularly if it is anything like a ship or a plane which is fairly complicated, there are automatically advisers, tech reps, and others who come in to assist in this, and then depending on how large the

operation is why it follows on groups of people who remain to assist and advise. [Deleted.]

Senator CHURCH. Do you undertake, insofar as you can, to persuade them to do this or do you think this is their business and you stay away from it.

General BEATTY. Well, it is really their business. I don't undertake to persuade them in the sense of urging them per se, but I can and do point out the advantages to them and the advantages to us of maintaining their materiel base in U.S. products.

MANUFACTURE OF AIRCRAFT IN BRAZIL

Senator CHURCH. Is Brazil currently planning to assemble or produce under license any type of jet fighter aircraft?

General BEATTY. I think—I'm giving you information that again appears in the paper but I understand they are going to manufacture eventually an Aero Macchi jet trainer which is Italian. The Italians will furnish them initially, and then some part will be built in Brazil and finally they will produce the finished product.

Senator CHURCH. Could you tell us whether or not Brazil has any plans for the future for export of such an aircraft?

General BEATTY. I don't know. That Aero Macchi is a trainer aircraft, it is a small jet trainer.

CEILING ON MILITARY SALES PROGRAM

Senator CHURCH. Why is it being proposed that we increase the ceiling in our military sales program from $75 million to $150 million? Do you know the answer to that question?

General BEATTY. I can't give you an answer, I am not party to it, so I just don't know.

Senator CHURCH. Can anyone supply that answer?

Mr. KNAUR. I believe it was felt, sir, that in today's world the $75 million ceiling was being unrealistic, and that foreign governments, especially France and the United Kingdom have been making sales in Latin America in the neighborhood of $800 million which has posed a serious question to the United States with regard to the influence—the natural ties with the Western Hemisphere countries.

Senator CHURCH. In other words, you see this ceiling as an impairment of our ability to compete with England, France, and other European countries in the sale of weapons to Latin America; is that correct?

Mr. KNAUR. That is correct.

Senator CHURCH. Well, if that is the case why don't you propose that the ceiling be removed entirely as it applies to sales?

Mr. KNAUR. I think that this was a decision to—that was made to show the Congress that we are still accepting some sort of limitation but have adjusted that limitation to today's realities.

Senator CHURCH. But has the limitation been adjusted to today's realities if European countries are selling $800 million worth of weapons to Latin America, and then you propose that we restrict ours to $150 million? What is the reality of that?

Mr. KNAUR. Well, it is taking into account what we feel, what the administration feels, are valid requirements of the Latin American

country that we are in a position to sell them. We are not asking for a situation where we could simply flood the Latin American country with our arms production just because we can sell it.

Senator CHURCH. European countries are in a position to flood the Latin market; are they not?

Mr. KNAUR. Yes, sir; they are.

Senator CHURCH. So what do we accomplish with a $150 million ceiling?

Mr. KNAUR. An increased level of sales to satisfy what we consider are valid requirements.

Senator CHURCH. Somehow I have a feeling we are going in circles. That ceiling, even if it is increased to $150 million, is going to have no meaningful effect upon the amount of weapons that Latin countries buy, isn't that so, inasmuch as they can look elsewhere and buy from Western Europe as much as they care to buy.

Mr. KNAUR. To a certain degree that is correct, but also I should say that for 1971 the President did make a determination which waived the $75-million ceiling so that there is a 2-year input which we would have.

Mr. Chairman, that $800-million figure that I quoted was not a 1-year period. That was a 2-year period?

Senator CHURCH. A 2-year period?

Can you cite the provision of the law that permits a waiver of the ceiling limitation?

Mr. KNAUR. Section 33(c) of the Foreign Military Sales Act.

Senator CHURCH. I think this is the first time the committee has been informed that the ceiling has been breached.

Mr. KNAUR. I believe that the proper communication will go to the Congress.

Senator CHURCH. Very well. I think that that information ought to be spread on the record so that the basis for the waiver is made clear.

Mr. Holt.

EQUIPMENT REQUESTED BY BRAZIL

Mr. HOLT. A couple of more questions on this FMS matter, General. Have the Brazilian Armed Forces expressed an interest in buying ASW equipment from us?

[Deleted.]

Mr. HOLT. [Deleted.] Have they expressed any interest specifically in the P-3 Orion aircraft?

General BEATTY. Yes, they have.

Mr. HOLT. What is the present status of that?

General BEATTY. I don't know. When I left Brazil they were talking on this subject. The French had come in with a very strong effort on a bird called the Atlantique, and they apparently liked this; they were going ahead on it. On the other hand, they were interested in the P-3, and we had provided them with the information on it, its characteristics and so forth, and they were going to look at that.

[Deleted.]

ROLE OF U.S. MILITARY COMMISSION DELEGATION

Mr. HOLT. In connection with foreign military sales, do you conceive your job to be to maximize them or to minimize them?

General BEATTY. Neither one. I see my job is to put the Brazilian interested party, Army, Navy, Air Force, in touch with the right people and see that what they can do.

Mr. HOLT. You are the go-between, in other words.

General BEATTY. Well, if they express an interest in a P-3, for instance, why I provide them with the information that tells them this is the kind of a thing you can get.

Mr. HOLT. Right.

Senator CHURCH. May I ask in furtherance of that, do you regard your role, General, as the role of a salesman to promote as many sales as possible?

General BEATTY. No, sir.

Senator CHURCH. You are rather just there to accommodate Brazilian requests that come to you; would that be a fair statement of your role?

General BEATTY. Well, obviously I am interested in U.S. products being the ones that are purchased if they are going to make a purchase.

Senator CHURCH. Yes.

General BEATTY. On the other hand, I don't consider that it is my role to make that sale.

Senator CHURCH. In connection with your work or the work of those who are under your command, do you solicit sales by suggesting to the Brazilian military that they ought to have certain kinds of equipment that you are in position to sell them?

General BEATTY. No, we don't do this because, of course, the Brazilians take all the journals and digests and things from all over the world, and these all have an R. & D. portion in them, and they all show the latest greatest, whatever it is, missile, airplane, boat, submarine, and they accordingly say "How about one of those?" and then we go ahead and say "Well, here are the specifics on it."

NUMBER OF MILGROUP STAFF

Senator CHURCH. Now, in view of the way you conceive your role and define it, and in view of the fact that we have terminated military grants of equipment to Brazil and the training program is now less than a million dollars a year, and the balance of the program is now a sales program which last year, at least, amounted to $20 million, do you really need all of the personnel that are now assigned to your command?

General BEATTY. I think we do, with the idea in mind of maintaining contact with the Brazilian Armed Forces at various levels. At the moment the number of people we have authorized is being reduced, and when it is completed we will have about five military people in each of the Army, Navy, Air Force sections, and I will have about what I have now myself, the chief of staff, an administrative officer, an adviser to the Brazilian national war college, and this will provide us the contact at differing levels in the military of the Army, Navy, and Air Force.

Senator CHURCH. This will make for a total of how many, once the reductions have taken place?

General BEATTY. It is in negotiation now. If my recommendation is approved, there will be 45 U.S. personnel of whom roughly 32 would be military.

Senator CHURCH. How many Brazilians do you hire, any?

General BEATTY. Yes, we have about 15 or 16 local wage-rate people. These are translators, chauffeurs, people who work in the various ministries.

Senator CHURCH. So the total payroll, including both locals and Americans if your recommendations are accepted, would be in the vicinity of 60.

General BEATTY. Right; 60 to 65.

Senator CHURCH. How does this compare to the total payroll in the past?

General BEATTY. Well, about 3 years ago there were over 200 in this Milgroup, and this has been reduced gradually to where the current authorization is 60. We have attrited against that anticipating a greater loss which is why you have the numbers you have there—I believe you have 41 on the list you have. This is because we were anticipating these losses so we are down to around a quarter of what we were, 2, 2½ years ago.

Senator CHURCH. When you are down to that level, you feel you will have a sufficient staff to carry on your mission?

General BEATTY. I think it is a minimum staff to maintain contact at the various levels. You could cut out the lower ranks, you could cut out the higher ranks, but when you do you miss a point of contact if that is considered important and which we do consider is important.

Mr. HOLT. You mentioned the role of contact with the Brazilian Armed Forces which you and your staff maintain. Is this contact as broad as you can make it or is it pretty much limited to your counterparts in the Brazilian section of the joint United States-Brazilian Military Commission?

General BEATTY. No, it is as broad as we can make it. By that I mean that the people go into the Army, Navy, Air Force Ministries and physically work there, that is have their offices there on a daily basis, but more importantly they go out to the schools and to the units that are scattered around the country, visit, attend their training exercises and various operations that they conduct, and maintain as broad a contact as they can within the limits of the funds that I have to permit them to make these trips.

LANGUAGE CAPABILITY OF PERSONNEL

Senator CHURCH. How many of the personnel under your command speak fluent Portugese?

General BEATTY. Well, fluent Portugese I would say about 85 percent. The others are able to communicate and they get along quite well, and they are learning, but I would say about 85 percent.

Senator CHURCH. Do you put a heavy emphasis upon language capability?

General BEATTY. Yes, we do, very great, because in my opinion, it is one of the most important factors in maintaining contact. Unless you are fluent in the language you have an automatic problem, and you must learn it and learn it as well as you can and as fast as you can.

Senator CHURCH. Of course. And you have the military itself furnishing language instruction for your personnel.

General BEATTY. Normally they attend school at Monterey or here in Washington for a period of time before they go depending on the timing, but normally they learn enough so that when they arrive in the country they are able to speak and get along. Where the problem arises of course is with the ability to converse, to really discuss. They can all say good morning, good afternoon, how are you, how are your children and did you enjoy your trip and so on, but actually discussing matters is more difficult because only through time and study can they get this.

Senator CHURCH. How long are your people retained in Brazil in order to achieve this linguistic capability?

General BEATTY. Three years is the average tour. The Air Force has just come up with a 4-year oversea tour so their people would be staying four.

Senator CHURCH. Do you think that is long enough to enable your people to become proficient in the language?

General BEATTY. It is. I think it is one of these problems whereas you might wish to keep an individual longer because he now is fluent in the language, you risk his becoming too far removed from his own service professionally, and so we have maintained this rotational business even recognizing that from the language point of view alone no doubt he could do better if he stayed longer.

We think the benefits all around are better if we bring them back, and get them back into their respective services and then perhaps let them go again. We have many people who are back for second tours and of course they do better.

Senator CHURCH. All right.

MOTIVATION OF BRAZIL'S ARMED FORCES

Mr. HOLT. With this variety of contacts which you describe, you must have a pretty good view or a pretty clear idea of what Brazilian Army, Navy and Air Force officers are like, what they are thinking about and that sort of thing. What would you say is the dominant motivation or driving force in the Brazilian Armed Forces now?

General BEATTY. Obviously we are in the area of conjecture and opinion, but to me they are dedicated to the government, and their country, and they want to see it continue to grow, continue to develop. [Deleted.]

Mr. HOLT. Do you see in them a very strong feeling of national pride?

General BEATTY. Yes, indeed.

Mr. HOLT. Do you see any evidence that this very strong feeling of national pride is leading them to become or to welcome the fact that they are more independent of the United States than they used to be?

General BEATTY. Not in just those terms. I think they are proud of the fact that they are standing on their own feet. They are buying the things they need, these are not being given to them. I think that they would wish to have more things than they have. On the other hand they recognize that they have so many things to do, and they want to do them so rapidly, that it is not possible to devote more of their economic resources to the military side, and I think it is interesting to note that the size of the armed forces has not increased since 1964, it is roughly the same, the Army is about 150,000, 30,000 to 35,000 in

the Navy and Air Force, 10,000 in the Marines, so they fluctuate between 200,000 and 250,000 total, and that has remained fairly constant As a matter of fact it is a little lower now than it was in 1964.

Mr. HOLT. Have military salaries gone up more than the cost of living since 1964?

General BEATTY. I can't answer that. I know only that they are not very high.

Mr. HOLT. I would like to——

POSSIBLE EXTERNAL THREAT TO BRAZIL

Senator CHURCH. On that line of questioning, I would like to ask the General if the military in Brazil perceive any external, any serious external threat to the country at the present time.

General BEATTY. My opinion is they don't, no.

Senator CHURCH. It is hard seriously to consider any of their neighboring countries as capable of mounting any severe external threat to Brazil; isn't that true?

General BEATTY. I think [deleted] the possibility of guerrilla groups forming in some of the isolated areas with the idea of creating problems for them.

Senator CHURCH. But that is a matter of internal security; is it not?

General BEATTY. It is primarily [deleted].

Senator CHURCH. But certainly those countries that border Brazil in themselves would not constitute a threat to a country the size of Brazil or having the economic strength of Brazil.

General BEATTY. I don't believe they so consider it.

AMERICAN MILITARY PRESENCE

Mr. HOLT. I would like to read you an excerpt from notes made of a conversation I had in Brazil with a Brazilian civilian and then ask you to comment on it. This man said:

> Brazil is becoming less dependent on the United States and Brazilians are glad of this. The process has been hastened by the refusal of the United States to sell military equipment, thereby forcing Brazil to go to Europe. But the former overwhelming predominance of U.S. military equipment in Brazil was itself an irritant. People used to say that the only thing Brazilian in the Independence Day parade was the flag.
>
> Everything else was American—trucks, guns, even uniforms.

Does that reflect a point of view that you have found among the Brazilian Armed Forces?

General BEATTY. No.

ATTITUDE OF BRAZILIAN MILITARY TOWARD NATIONAL GROWTH

Mr. HOLT. Within this general attitude that you have described of national pride and devotion to the country and wanting to see the country grow, and so on, have you detected any differences among the Brazilian Officer Corps as to the way in which this national growth ought to come about?

Is there, particularly in the lower ranks, a group which would be more inclined to follow, let us say, the Peruvian model than the way Brazil has gone since 1964?

General BEATTY. No; I think the opinions of the military are disparate as they are in any group, and I am sure there are those who would wish to go faster, go slower, do differently, but I don't see any particular group that wants to change entirely.

Mr. HOLT. Do you see anything which might be described as a generation gap or a minigeneration gap between people in the rank of colonel or major and people in the rank of general in this respect?

General BEATTY. No more than in the American Army.

Mr. HOLT. How much is that? [Laughter.]

BRAZILIAN NATIONAL WAR COLLEGE

What is our relationship with the Escola Superior da Guerra?

General BEATTY. Well, that is the Brazilian National War College, and at their request we assisted them in setting it up. After it was set up and had run for a few years they said, "Thank you very much," and asked that we simply keep a liaison officer there. And we do have a full-time American officer as a member of the faculty of the Escola Superior de Guerra.

Mr. HOLT. As a member of the faculty.

General BEATTY. He is there with—I should say with faculty privileges. He does not teach—participate in that respect—but he is there; he works with them, continues to help them improve their courses, gives them the latest on what our National War College is doing, and so on.

Mr. HOLT. Do we pay for him or do the Brazilians pay for him?

General BEATTY. We pay for him now. For a period of time the Brazilians did pay for him. Now he is a U.S. responsibility.

Mr. HOLT. Is there a predominant point of view in the Brazilian War College—the ESG? Does it have a reputation for being the site of a certain school of thinking?

General BEATTY. No; it doesn't. It has many different points of view, and this is because of its student body which is composed of both civilian and military and normally it has been about even—military and civilian. This year it is about two-thirds civilian and one-third military, and the civilians are brought in from all walks of life. They are doctors, and lawyers, and economists, and financiers, clergymen, and they bring with them very, very different points of view, and they are debated in the war college. They look at their national security in an extremely broad sense. It is by no means limited to a military consideration. That is just one part of it.

BRAZIL/ARGENTINE MILITARY EXERCISES

Mr. HOLT. The Economist magazine in London reported last December that Brazil and Argentina had staged secret joint military exercises recently for the first time in several decades, and related this to joint Brazilian and Argentine concern over events in Chile.

Do you know anything about that report?

General BEATTY. I don't. [Deleted.] The papers in Río speculated there was something going on—that arrangements were being made—but actually I don't know [deleted].

REPORT OF INTERNATIONAL COMMISSION OF JURISTS

Mr. HOLT. Are you familiar with the report of the International Commission of Jurists of last summer about the situation in Brazil?

General BEATTY. No.

Mr. HOLT. Let me read you an excerpt from it and ask for your comment:

Since the second military coup of 1968 the Brazilian government has adopted the policy of subversive war. Brazilian officers have learned such methods from American experts and theoreticians whom they meet in great number either in their own military schools in Brazil or during regular training courses in the Panama Canal Zone.

General BEATTY. What was the first allegation there?

Mr. HOLT. Since the——

General BEATTY. What is it we are supposed to be teaching them; subversion?

Mr. HOLT (reading).

Since the second military coup of 1968 the Brazilian government has adopted the policy of subversive war. Brazilian officers have learned such methods from American experts and theoreticians whom they meet in great number either in their own military schools in Brazil or during regular training courses in the Panama Canal Zone.

General BEATTY. Negative.

Mr. HOLT. You are not aware of any American experts or theoreticians that Brazilian officers have learned subversive war methods from?

General BEATTY. Negative; none.

PURCHASING OF MILITARY AND POLICE EQUIPMENT

Mr. HOLT. Going back for a moment to military sales, leaving aside the more publicized items such as F-4's and that kind of thing, how frequently do you decline to make military sales to Brazil?

General BEATTY. As often as we don't have a ceiling to permit them or when we can't make arrangements.

Mr. HOLT. Do they make all their military purchases through you or for some items do they go through normal commercial channels through their mission in Washington or their consulates?

General BEATTY. They are free to go any way they want to. They have been coming through me since I have been there and I think this has been the pattern before.

Mr. HOLT. To what extent, if at all, through your group, has the United States sold the Brazilian Armed Forces such items as we were talking about this morning of tear gas, riot control equipment, police-type weapons?

General BEATTY. I don't know of any that we have sold, Mr. Holt. I would have to check the actual sales to determine this for sure.

Mr. HOLT. Would you do that for the record because I think the record ought to show it.

General BEATTY. None have been sold since I have been there, and based on the limited sales we have made in recent years I would suspect none.

Mr. HOLT. And while you are checking on that for the record, could you check also with respect to electronic and other surveillance devices, polygraphs and wiretapping equipment?

General BEATTY. Yes.

(The information follows:)

DOD has provided the following riot equipment to Brazil:

Type	Quantity	Year programed
Riot grenades	20,348	1964
Riot control guns	50	1964
Riot control gun ammunition	[1] 11,000	1964
Chemical agent (CS)	[2] 100	1965

[1] Rounds.
[2] Containers (50 capsules each).

DOD has not provided wire tapping devices, polygraphs or any other electronic surveillance equipment to Brazil.

JUSTIFICATION FOR PRESENCE OF U.S. MILGROUP

Senator CHURCH. General, with respect to the testimony we have had about this large volume of military purchases being made now from France, Germany, England, and Italy, let me ask you do any of these countries maintain in Brazil a military group comparable to that which we maintain there?

General BEATTY. No. They do not. Many civilians though.

Senator CHURCH. Yet, without the benefit of such groups they have been selling large quantities of military equipment to Brazil.

General BEATTY. Right.

Senator CHURCH. Wouldn't it then be possible for us to sell military equipment in the same manner without the need to maintain a military group of this size in Brazil?

General BEATTY. If all we were down there to do was to sell equipment I would say absolutely but that is not our mission.

Senator CHURCH. What else are we down there to do? You described the mission as to furnish training.

General BEATTY. Right.

Senator CHURCH. Which now comes to less than a million dollars a year. There is no further grant aid; the balance of the work is military sales.

Do you mean that the training aspect of your mission requires the maintenance of this kind of group?

General BEATTY. I would put it this way, Mr. Chairman; the United States has this long-standing storehouse of goodwill and mutual cooperation and understanding with Brazil. We deem this important; we would like to keep it. We feel that this is being done by the presence of these people that we have there now.

Senator CHURCH. Now the presence of the Americans is known to the Brazilian people at large, is it not?

General BEATTY. Yes; it is.

Senator CHURCH. You think this contributes affirmatively to good feeling on the part of the Brazilian people toward the United States, or do you refer to the attitude of the military in Brazil as distinct from the public at large?

General BEATTY. I am really talking about the military. I think the public at large, however, is aware of the fact we are there and not disturbed thereby.

Senator CHURCH. What is the basis for that conclusion? I mean do you really have any objective way of measuring the attitude of the public at large toward our military group?

General BEATTY. No; I do not.

SEIZURE OF FISHING VESSELS CAN SUSPEND SALES PROGRAM

Senator CHURCH. Under section 3(b) of the Foreign Military Sales Act, sales credits and guarantees are to be suspended for 1 year if the country seizes our fishing vessels beyond the 12-mile limit. The President may waive this provision if he determines it to be in our national security interests. With Brazil having claimed the 200-mile territorial sea, seizures are likely to occur; at least we have had this experience with other Latin countries. If there are seizures, would you recommend the sales program be suspended?

General BEATTY. Well, I think the case would have to be judged at the time, circumstances, and everything surrounding it. I wouldn't prejudge it.

Senator CHURCH. Such suspensions have occurred, I think, in Ecuador.

General BEATTY. Ecuador, yes.

Senator CHURCH. We have had the same problem, if my memory serves me right, with Peru.

General BEATTY. Peru.

Senator CHURCH. Do you know whether we continue to maintain in Peru a military advisory group since the time that the Peruvian Government asked that the group leave the country?

General BEATTY. The MILGP departed Peru in July 1969 and, at the request of the Peruvian Government, was replaced by a smaller unit.

Senator CHURCH. Those particulars fall outside your province no doubt.

General BEATTY. They do.

Senator CHURCH. Any more questions?

BRAZILIAN ASSIGNMENTS TO JBUSMC

Mr. HOLT. Just two more, Mr. Chairman. Does the assignment of a Brazilian officer to the Brazilian delegation of the Joint Brazilian-U.S. Military Commission indicate that this particular officer is on his way up in the Brazilian military establishment or does it indicate he is on his way out or on the shelf?

General BEATTY. Again I haven't the facts but my impression from recollection of just a few cases is that they are on their way up.

Mr. HOLT. Could you supply for the record, if you don't know it, the present assignments of the last three commanders of the Brazilian delegation?

General BEATTY. Yes; you are speaking of Brazilian?

Mr. HOLT. Brazilian, yes.

General BEATTY. Right; I can give you one example, the last president of the Joint Brazilian-U.S. Military Commission is the Chief of the Armed Forces General Staff of Brazil.

Mr. HOLT. That is a good example.

(The information follows:)

FORMER PRESIDENTS, JBUSMC

Date as chairman	Name	Present duty
1967-69	Adm. Murillo Vasco do Valle e Silva	Chief, Armed Forces General Staff.
1965-66	Gen. Nito Guerreiro Lima	Retired.
1964-65	Gen. Nestor Penha Brasil	Do.

BRAZILIAN VIEW OF HEMISPHERE ROLE

Mr. HOLT. One final question. How do the Brazilian military officers that you and your staff come in contact with view Brazil's role in the Western Hemisphere?

General BEATTY. I think they feel that they have international responsibilities, that is they have evidenced it by their willingness to support not only Western Hemisphere but United Nations type peacekeeping operations. Beyond that I think they are interested in their internal problems primarily, and not concerned with anything else. I think they feel that they have enough to do to take care of their own problems at the moment.

EFFECT OF CHILEAN ELECTIONS

Mr. HOLT. Is there an uneasiness over the election results in Chile last year? Does this uneasiness extend to current internal conditions in Uruguay, Argentina, Bolivia, Peru?

General BEATTY. I have not heard them mention these. Chile, I think, because it got such wide coverage in the press was more a subject of discussion. The others [deleted]—I don't know what they think because they haven't brought it up.

Mr. HOLT. Is it the Brazilian Armed Forces or is it some other agency of the Brazilian Government that is responsible for border security?

General BEATTY. It is the armed forces.

Mr. HOLT. It is the armed forces. Have you detected any undue concern on their part about their border with Uruguay?

General BEATTY. [Deleted.]

BRAZIL'S 3D ARMY

Mr. HOLT. Is it the 3d Army that is in Rio Grande?

General BEATTY. Yes.

Mr. HOLT. Is it true it is the largest army in Brazil?

General BEATTY. In numbers you mean.

Mr. HOLT. Yes; in numbers of people.

General BEATTY. Yes; it is. [Deleted.]

DEVELOPMENT OF WESTERN BRAZIL

Mr. HOLT. In connection with the northeast and the Amazon area and specifically the project to build the Trans-Amazonian highway, what do you think is the principal motivation for that project?

General BEATTY. I take them at face value. I think they want to develop their west. Their east coast is nicely developed and coming along but they have got this vast western territory that they just don't even know in many cases what is there, and they want to open it up and develop it and see what is there.

Mr. HOLT. And the Trans-Amazonica is not the only highway they are engaged in building, is that it?

General BEATTY. No, it isn't.

Mr. HOLT. All going in the same general direction though.

General BEATTY. Just trying to move westward and open it up.

Mr. HOLT. And this you think is purely mainly for reasons of economic development and not concerned with military strategy or national security?

General BEATTY. In my opinion it is really an economic and social thing. They want to get the country available for use, which at the moment it is not.

Mr. HOLT. Have you served as a MAAG chief anywhere besides in Brazil?

General BEATTY. No, I have not.

Mr. HOLT. So Brazil is your only experience with running this program?

General BEATTY. Yes.

Mr. HOLT. That keeps me from asking you how it compares to other places you have been. That is all I have got, Mr. Chairman.

SECURITY CLEARANCES FOR INTELLIGENCE COURSES

General BEATTY. If I may, Mr. Holt, when we were talking about intelligence courses, you listed a number, and I know that they are courses in some intelligence course but of course, I think it is important to note that the intelligence courses are a very small part of the overall training that is done in the United States.

Mr. HOLT. That is good. Since you mention it there is one other question I had about these intelligence courses. A considerable number of them require a security clearance, in one case "confidential," in several cases "secret," and in one case—namely the special forces officer course at Fort Bragg—the classification is "secret no foreign," and do you know how Brazilians manage to get in a course like that?

General BEATTY. No; I will look into that for you.

Mr. HOLT. Do you know, Colonel?

Colonel ROHR. No, sir; I must have missed it. I am not speaking of missing the note for it but I didn't notice they were classified "secret" as far as qualifications were concerned. I thought several of them were "confidential."

General BEATTY. Basically confidential is the classification which we afford. I am not even aware that we extend it to secret in any case but we will look into that and let you know.

(The information is as follows:)

Although most courses are unclassified, there are courses which include Confidential portions. In several highly technical courses, access is granted to some Secret material. In every case of the release of classified material, the recipient of the training has been carefully screened prior to the granting of clearance. As to the specific case of material classified Secret NOFORN in The Special Forces Officer Course at Ft. Bragg, no Latin American officers are given access to classified portions of the course.

Mr. HOLT. That is all.

Senator CHURCH. I don't think I have any further questions, General.

Thank you very much for your testimony. I appreciate it.

The hearing then will go over until 10 o'clock tomorrow morning when we will hear from Mr. Helms of the CIA and then we will hear tomorrow afternoon from you, Mr. Ellis.

Thank you, General, very much for your testimony.

(Whereupon, at 4:45 p.m., the hearing was adjourned, to reconvene at 10 a.m., Wednesday, May 5, 1971.)

BRIEFING ON BRAZIL BY RICHARD E. HELMS, CIA

WEDNESDAY, MAY 5, 1971

UNITED STATES SENATE,
SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS
OF THE COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in S-116, The Capitol Building, Senator Frank Church (chairman of the subcommittee) presiding.

Present: Senators Church, Fulbright, Sparkman, Symington, and Javits.

Also present: Mr. Holt, Mr. Kuhl, and Mr. Dockery, professional staff members; [deleted].

Senator CHURCH. Why don't we commence? I will ask you to stand and be sworn. Do you solemnly swear that the testimony you will give this subcommittee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. HELMS. I do.

Senator CHURCH. I wonder if the other gentlemen in the room would identify themselves for the record.

[Deleted.]

(Whereupon, at 12:20 p.m., the hearing was concluded.)

63-373—71——11

U.S. POLICIES AND PROGRAMS IN BRAZIL

WEDNESDAY, MAY 5, 1971

UNITED STATES SENATE,
SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS
OF THE COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice at 2:30 p.m. in room S-116, the Capitol Building, Senator Frank Church (chairman of the subcommittee) presiding.

Present: Senator Church.

Also present: Mr. Holt and Mr. Dockery of the committee staff.

Senator CHURCH. The subcommittee will come to order.

Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth and nothing but the truth so help you God?

Mr. ELLIS. Yes, sir.

Senator CHURCH. Would you identify those with you this afternoon, please.

Mr. ELLIS. Mr. Philip Schwab, of the Office of Brazilian Affairs, Department of State; Mr. Robert Dean, Director, Office of Brazilian Affairs; Mr. Mike Samuels, Office of Congressional Relations, Department of State; Mrs. Jean Lewis, Office of Congressional Relations, AID.

Senator CHURCH. I understand that you are prepared to summarize your statement, Mr. Ellis, this afternoon, with the understanding that the entire statement will appear in the record.

Mr. ELLIS. Yes, sir.

Senator CHURCH. Very well, with that understanding then why don't you proceed.

TESTIMONY OF WILLIAM A. ELLIS, DIRECTOR, USAID BRAZIL

(Mr. Ellis' full statement appears on page 181.)

Mr. ELLIS. Thank you, Mr. Chairman.

The statement itself is addressed to the 11 questions which were provided the Department of State.

HISTORY OF U.S. AID PROGRAM IN BRAZIL

Trace the history of the U.S. aid program in Brazil since World War II.

In 1942, inspired by wartime need for food and raw materials and because of the strategic importance of the country, the United States

began its formal bilateral assistance relationship with Brazil. Under the leadership of Presidential Assistant for Inter-American Affairs, Nelson Rockefeller, the Institute for Inter-American Affairs (IIAA) was formed and supported multimillion-dollar programs in minerals exploration.

The bilateral technical cooperation program began in 1951 under the supervision of the Joint Economic Commission. The United States spent about $2.8 million annually over a 7 year period through 1957 and increased its spending substantially thereafter, reaching a peak of $12.2 million in 1960. Over the decade, the Brazilian Point Four program cost $64 million, about 40 percent of which was obligated in the last 3 years of the period.

The programs of the late 1940's in public health, industrial vocational training, and the minerals investigations continued and were expanded during the early part of the 1950's. Point Four began with a commitment to a philosophy of balanced programs, but establishment of a comprehensive process for deciding program priority was slow in developing. Priority was given to agricultural training through a bilateral agriculture service created in 1953, and through a program of supervised rural credit. Late in the decade, technical assistance programs in public and business administration were begun, as well as programs in education, audio-visual techniques, and public safety.

THE ALLIANCE YEARS OF THE 1960'S

Under the Alliance for Progress, Brazil benefited from both increased aid flows and improved financing terms. AID grants and loans with low interest rates and long grace amortization periods have accounted for about 60 percent of $2.1 billion in U.S. economic assistance received by Brazil during fiscal year 1962–70.

In the decade——

Senator CHURCH. Let's just get that, those figures. Can you tell us the total cost of the aid program from the period following the Second World War to the beginning of the Alliance for Progress?

Mr. ELLIS. I do not have the figures for the 1940's, sir, Mr. Chairman.

Senator CHURCH. What figures do you have?

Mr. ELLIS. The figures for the Alliance for Progress itself——

Senator CHURCH. I mean do you have any figures prior to the Alliance?

Mr. ELLIS. Yes; $64 million by AID's predecessor agencies for the decade of the 1950's.

Senator CHURCH. Decade of the 1950's, $64 million total?

Mr. ELLIS. Yes, sir.

Senator CHURCH. All right. What was the figure for the decade of the 1960's?

Mr. ELLIS. Decade of the 1960's plus 1971 (estimated) is $1,240 million, loans and $141 million, grants.

Senator CHURCH. Does that encompass all forms of American aid?

Mr. ELLIS. No, sir. In addition you have Food for Peace, both grants and loans; this is for the 1960's only, $643 million. You have Export-Import Bank loans net of $299 million. Total loans both hard and soft window are $934 million dollars by the IDB.

Senator CHURCH. That is the Inter-American Development Bank.

Mr. ELLIS. Yes, sir.

Senator CHURCH. What I would like to have is a comparison of the aid program in Brazil prior to the installation of the military government in 1964 as compared with the American aid program since then, broken down by years so we can have a clear picture, and that to include all forms of bilateral aid.

Mr. ELLIS. Yes, sir; including Food for Peace.

Senator CHURCH. Including Food for Peace. I think that since presumably the aid given through the Inter-American Development Bank comes through a multilateral organization that has its own decision-making process, there would be no need to incorporate that figure. We would like to have the figure but what I want incorporated together is all forms of our bilateral aid, by years, so that we can see what the trend has been in the program and what relationship it has had to the present government.

Mr. ELLIS. Yes, sir. Would you like it broken exactly on the date of the revolution?

Senator CHURCH. As nearly as you can, so that the figures reflect the size of the program since the advent of the present government as compared to the size of the program prior to that.

If you can give us that information, it would be very helpful.

(The information follows:)

COMPARISON OF U.S. BILATERAL ASSISTANCE TO BRAZIL PRIOR TO AND FOLLOWING FISCAL YEAR 1964

[U.S. dollars in millions, net]

Program	1960	1961	1962	1963	1964	Non-add subtotal	1965	1966	1967	1968	1969	1970	1971 [1]	Non-add subtotal	Total
A.I.D., total	11.9	7.0	84.5	86.3	178.6	368.3	230.7	242.3	213.7	187.7	−11.7	61.2	76.9	1,000.8	1,369.1
Development loans	−0.3	----------	74.5	62.9	[2] 165.4	----------	218.4	229.1	199.0	176.3	−21.8	49.3	65.0	915.3	----------
Grants	12.2	7.0	10.0	23.4	13.2	----------	12.3	13.2	14.7	11.4	10.1	11.9	11.9	85.5	----------
Food for Peace, total	1.8	84.7	72.5	48.6	151.4	359.0	24.7	79.1	21.6	82.9	10.4	68.6	43.5	330.8	689.8
Title I	----------	81.5	44.0	32.6	115.9	----------	----------	29.1	----------	62.7	----------	20.1	25.0	136.9	----------
Title II	1.8	3.2	28.5	16.0	35.5	----------	24.7	50.0	21.6	20.2	10.4	48.5	18.5	193.9	----------
Ex-Im loans	6.8	[3] 188.3	----------	----------	(4)	195.1	[3] 6.0	16.9	30.0	50.8	28.6	65.6	[4] 75.0	272.9	468.0
Total economic	20.5	280.0	157.0	134.9	330.0	922.4	261.4	338.3	265.3	321.4	27.3	195.4	[1] 195.4	1,604.5	2,526.9

[1] Estimated.

[2] Includes a $50,000,000 program loan authorized following change of government. All other fiscal year 1964 loans, to best information available to AID/W, were under negotiation prior to Mar. 31, 1964.

[3] Excludes refunding of $304,700,000 in fiscal year 1961; $85,600,000 in fiscal year 1964; and $6,600,000 in fiscal year 1965.

[4] Estimate based on $67,000,000 total in first 9 months of fiscal year 1971.

Mr. ELLIS. U.S. assistance strategy varied in the Alliance years, according to conditions in Brazil, which can be characterized as (a) The Quadros-Goulart years, 1961-64, (b) the stabilization years, 1964–68; and (c) the years of sector assistance, 1969–70.

THE QUADROS-GOULART YEARS

From the outset of the Alliance to the revolution of March 1964, the U.S. assistance program was adversely affected by the political turmoil which characterized the Quadros and Goulart governments. In contrast to the rapid industrialization and high growth rates in the 1950's, the Brazilian economy ground almost to a halt in the early 1960's due largely to rampant inflation and increasing political instability.

Elected with 48 percent of the popular vote in October 1960, Janio Quadros, Kubitschek's successor, got off to an excellent start in his domestic programs. He focused on fiscal responsibility and administrative reform. His comprehensive antiinflationary program earned the support of the IMF and the U.S. Government. We took the lead in arranging a joint multilateral program of external assistance to avert Brazilian financial collapse and to give him time to carry out his stabilization program. This consisted of a rollover of hundreds of millions of dollars of foreign debt and the provision of impressive amounts of new credits. Unfortunately, Quadros' programs never got off the ground. After 7 months in office, he sent his resignation to Congress and it was accepted.

Quadros was succeeded by his vice president, Joao Goulart, who took over in the midst of great political turbulence and economic uncertainty marked by rampant inflation and the threat of international insolvency. After renewed assurance of reform intentions, the United States moved to help with a new loan, raising the total immediately available to Goulart to $178 million. On the basis of further elaboration of stabilization plans, the famous Bell-Dantas agreement was reached in early 1963, providing for another $398.5 million of U.S. support for the Goulart Government.

Unfortunately, Goulart, for political reasons, failed to support the stabilization program upon which U.S. program loans and IMF standby support were predicated. Further U.S. assistance to Brazil under Goulart was limited to technical assistance, PL–480 shipments, and certain project loans. Our programs turned more to the states and regions of Brazil, such as the drought stricken northeast area where we signed a special agreement in 1962. The focus of that $131 million program was on highway maintenance and construction, electric power, health, public administration, and education, with most of the assistance channeled through Sudene, the regional development agency.

1964–68: THE STABILIZATION YEARS

With the revolution of 1964, Brazil's grim economic prospects changed almost overnight. The newly appointed ministers of finance and planning were given a relatively free hand to implement stabilization and administrative reform programs.

Capital assistance support by the United States was extensive between 1964 and 1969. In addition to large-scale program lending, there

were project loans for electrical generating and distribution capacity, transportation, and agricultural and industrial credit.

We assisted the Brazilian Government in its reform plans in the fields of agriculture, education, housing, the tax system, health, and governmental administration by means of the largest technical cooperation program in Latin America.

In addition to loans and technical cooperation, we used two other development tools in assistance to Brazil—Food for Peace assistance (title I and II) totaled $564.3 million in 1962–70, and investment guarantees for new U.S. private investment, covering the introduction of about $200 million in new technology or capital into Brazil.

1969–70: THE YEARS OF SECTOR ASSISTANCE

Political developments in December 1968 led to an extensive review of our programs, and no new loans were authorized in fiscal year 1969. A technical assistance and Food for Peace program was continued as in the 1964–68 period.

Review of the economic performance of the Brazilian Government in the 1964–69 period has been especially impressive, showing high and increasing annual growth rates in 1967, 1968, and 1969. These factors plus an increase in Eximbank lending, IMF standby agreements in the $70–$100 million range, IDB lending levels at about $150 million per annum, and IDRB levels expected to total $1 billion in the next 5 years have reduced the need for bilateral concessional lending. AID loan assistance is now focused on a few selected sectors; that is, education, agriculture, health, and new IA–ECOSOC proposals such as export promotion and capital market development. Bilateral lending in fiscal year 1970 totaled $75 million for two loans. So far in fiscal year 1971 we have authorized three loans totaling $42.5 million.

Now I would like very briefly to summarize these loans, not to read them.

REASONS FOR LARGE U.S. AID PROGRAM

Senator CHURCH. Before we get into that, the program you have administered at least since 1964 has been the largest aid program that we have extended to any country outside of India, has it not?

Mr. ELLIS. Excluding Vietnam as well, sir.

Senator CHURCH. Well, yes. Vietnam.

Mr. ELLIS. Yes, sir.

Senator CHURCH. We are in the process of blowing that country up, not extending aid. And the total amount of the aid to Brazil would be in the neighborhood of something between $2 and $3 billion.

Mr. ELLIS. You mean since 1964. No, since 1964 it would be more like $1.5 billion.

Senator CHURCH. Including the Food for Peace and all aspects of bilateral.

Mr. ELLIS. Yes, sir; closer to $2 billion. Between $1.5 and $2 billion.

Senator CHURCH. Closer to $2 billion. That is a great deal of money to be spending in one country, isn't it?

Mr. ELLIS. Mr. Chairman, if you look at this in various periods, if you take the 1964–68 period, which you might call an extended economic emergency, and recall some of the economic conditions in Brazil at that time; for example, inflation running over 100 percent on an annual rate, foreign exchange reserves depleted, commercial arrears of

several hundred million dollars the country having to pay, sharp reduction in production and employment, per capita income running at a negative figure, a rate of decrease——

Senator CHURCH. I understand the chaotic economic condition in Brazil. I am just trying to relate this to the interests of the United States. Do you regard these economic problems as a part of our national responsibility?

Mr. ELLIS. Yes, sir.

Senator CHURCH. You do.

Mr. ELLIS. Not in the sense that we are the cause of the problems.

Senator CHURCH. Why?

Mr. ELLIS. But in the sense I consider it to be in the U.S. interests to assist in resolving problems in a country of this size and importance.

Senator CHURCH. Why?

Mr. ELLIS. During that period.

I felt then, and I still do, sir, that this enormous country, which was shifting into a period of both economic and perhaps even political anarchy, was, I was about to say, ripe for political developments which might be antithetical to our interests, at least the possibility of such political developments was high enough to pose a serious risk to U.S. interests.

Senator CHURCH. How do you know that political developments, even revolutionary developments, would necessarily have been adverse to our interests?

Mr. ELLIS. I do not know, Mr. Chairman.

Senator CHURCH. There is no way really of knowing.

Mr. ELLIS. It is a question of judgment. No way really of knowing.

Senator CHURCH. So $2 billion have been spent since 1964 on the speculation that our interests would be better served by shoring up the government that took power in 1964 than taking chances on——

Mr. ELLIS. Uncontrolled——

Senator CHURCH. Unrest bringing some other government to power, is that correct?

Mr. ELLIS. [Deleted.]

U.S. NATIONAL INTERESTS IN BRAZIL

Senator CHURCH. How does the present government in which we have invested $2 billion, serve the national interests of the United States, in your judgment?

Mr. ELLIS. Well, first of all, perhaps I should state what I think some of the U.S. national interests are in Brazil.

One of them is the existence of a government or society which is generally consistent with our national, specific national, security interests in the hemisphere which would not pose a security threat to us.

Second would be the protection and expansion, if possible, of our economic interests, trade and investment, in the hemisphere.

PRIVATE INVESTMENT

Senator CHURCH. Can you tell me how large the American private investment is in Brazil today?

Mr. ELLIS. It is somewhat over $1.6 billion.

Senator CHURCH. So we have pumped in $2 billion since 1964 to protect a favorable climate of investment that amounts to about $1.6 billion.

Mr. ELLIS. That is only one of the objectives, Mr. Chairman.

Senator CHURCH. I want to get these things in relation. We have spent $2 billion on a program one objective of which is the protection of a favorable investment climate for private business interests in this country.

Mr. ELLIS. Yes.

Senator CHURCH. And the total amount that private business interests have invested in Brazil comes to about $1.6 billion. Are those the correct figures?

Mr. ELLIS. $1.7 billion is the rough total.

OTHER U.S. NATIONAL INTERESTS

Senator CHURCH. What other national interests are there?

Mr. ELLIS. I think the third, Mr. Chairman, is the economic and social development of the country, which has been stated. As a U.S. objective, it has, I think, overlapped with our security objectives and with our humanitarian interests in a country this size.

Senator CHURCH. How does this, in your judgment, directly relate to the national interests of the United States?

Mr. ELLIS. It is very difficult to prove any casual relationship between economic development and subsequent political development or subsequent security relations between the two countries. I like to think there is one but I could not prove it and it certainly would not be, the correlation would not, be very high.

In a negative sense, though, I think the lack of development, a chaotic, retrogressive situation, a case can be made for political developments in that situation that carry some probability of risk. But beyond that——

Senator CHURCH. Aren't these really highly conjectural judgments on which to base the expenditure of nearly $2 billion since 1964?

Mr. ELLIS. I agree that they are highly subjective, Mr. Chairman, highly subjective judgments that cannot be demonstrated, certainly not by facts. There is another point——

CORRELATION BETWEEN ECONOMIC AID AND COMMUNISM

Senator CHURCH. It has long been a maxim of the AID program, at least as it has been sold to the Congress and to the people of the country, that economic development should be promoted in foreign lands because this discourages the tendency that might otherwise develop to have a Communist government.

Yet Communist governments have been established in countries where the level of economic development was relatively good, and where large amounts of investment had been made, Cuba being one.

Now we have the instance of Chile, which certainly isn't the most backward country in Latin America from the standpoint of economic development, turning voluntarily to a Marxist regime by electing it to power. The objective evidence would seem to suggest that there is no necessary correlation between economic impoverishment and Communist government.

Mr. ELLIS. Well, Mr. Chairman, I don't think I said Communist government. I said any political development which might be——

Senator CHURCH. I would think that the only kind of government

that might pose a possible security threat to the United States, which was the first interest you listed as justifying this expenditure of $2 billion, would be one that was Communist oriented and that might furnish a base of operations to a country, such as the Soviet Union, that could be potentially dangerous to the United States. Yet I don't quite see, and on the basis of the objective evidence, the correlation between such large inputs of American capital to achieve economic development, and forestalling the possible threat of communism either in Brazil or anywhere else.

Mr. ELLIS. Well, Mr. Chairman, I hope I didn't leave the impression, and if I have I correct it, that this was an attempt to, has been an attempt to, prevent a country from going Communist in a simple black and white way of looking at it. I think there are all kinds of shades of relationships between two countries. There was a feeling that assistance of this type would cement not only a strong historical relationship but also provide opportunity for economic development. It would lead, and I think subsequent events show that it has led, in our areas of mutual interest, to cooperative, cordial relations.

Senator CHURCH. But if we had to pay that kind of money for cordial relations all around the world we would soon go broke.

PER CAPITA EXPENDITURE

Mr. ELLIS. Mr. Chairman, the average per capita expenditure during this period works out to between $3 and $4 per year per capita.

I am not minimizing the sum of money, but I think the majority of countries in Latin America would have received a larger amount on a per capita basis.

Senator CHURCH. I wonder if you could give us figures on the aid program broken down in that way so that we can make some comparisons between the program in Brazil and the programs that have been furnished other Latin countries.

Mr. ELLIS. Yes, sir.

(The information follows:)

COMPARISON OF PER CAPITA A.I.D ASSISTANCE IN LATIN AMERICAN COUNTRIES, 1964-69

	Population of major LA recipient countries (millions)	Percent of population [1]	Total A I D. 1964-69 (U S. dollars in millions) [2]	Percent of LA A I.D.	Annual per capita share (dollars)	Rank of per capita share
Region	148.3	100.00	3,695 0	100 0	3.02	
Bolivia	3.7	.25	170 0	4.6	7.65	4
Brazil	81.3	54.8	1,415.4	38.3	2.90	12
Chile	8.7	5.9	497.6	13 5	9.52	2
Colombia	15 8	10 7	498.0	13 5	5 25	6
Costa Rica	1 4	9	50.0	1.4	5.95	5
Dominican Republic	3.6	2 4	317.1	8.6	14.68	1
Ecuador	5 1	3 4	75.1	2 0	2 46	13
El Salvador	2.9	2.0	51.6	1.4	2 95	11
Guatemala	4.4	3 0	51.5	1.4	1 95	14
Honduras	2.2	1.5	48.9	1 3	3.71	9
Nicaragua	1 6	1 1	76.9	2.1	8 01	3
Panama	1 2	8	103.4	2.8	4.36	7
Paraguay	2.0	1 3	50 0	1.4	4.17	8
Peru	11 7	7 9	127.3	3.4	1.81	15
Uruguay	2.7	1.8	54.4	1.5	3 36	10
Multination regional funds		2.3	107.8	2.8		

[1] Of major recipient Latin American nations
[2] Technical assistance grants, development loans, Food for Peace.

ANTICOMMUNISM UNCONVINCING REASON FOR AID

Senator CHURCH. I am not opposed to economic development for other lands. I think that it is a desirable objective, and it seems to me that capital furnished for that purpose from developed countries has or could have a constructive role to play.

But the program has never been presented to the Congress in these terms nor politically has it been sold to the American people in these terms. The principal argument made for a foreign aid program, economic assistance, in the Congress is that this money is an investment against the growth of communism, and that as economic development occurs there is less tendency in underdeveloped lands to resort to a leftist government, Marxist governments, Communist governments, however we may describe them, and all lumped together as inimical to the interests of the United States. That thesis needs much more searching analysis than it has heretofore been given.

But I fail to see the basis for this argument in the light of what actually has occurred here in this hemisphere and elsewhere. I think it is a thesis that cannot be sustained.

There may be other reasons for extending aid. I can think of a number that I would be willing to endorse, but anticommunism is a most unconvincing one. I think we know so little about the dynamics of politics in our own land, let alone the other lands, that we are really not in a position to say with any degree of assurance that economic development, as such, either tends to deter or to promote Communist governments. There may be very little correlation at all between the two, and there is much evidence to suggest that the most impoverished lands are politically the most stable since poverty tends to inculcate conservatism for a great many other reasons that are not ideological but very practical. So it is this thesis that has been the cornerstone of the aid program and has been repeated over and over again and accepted as gospel that I question. That is why, it seems to me, that when you say the program we have financed in Brazil has promoted the national security interests of the United States, I don't see the evidence that that is necessarily so.

All right, I don't mean to do the testifying here.

Mr. ELLIS. Well, Mr. Chairman, you recall, you asked me what the U.S. security interests were and I was trying to define them.

We had not got to the question of evaluating whether the AID program was related or correlated to these interests. I think I mentioned security and economics, I think the third interest, call it humanitarian or development, call it whatever word you wish, I certainly concur heartily with what you said on that point.

LOAN FOR SEWERAGE SYSTEMS

To go through the loans we have made in the last 2 years very hurriedly: In 1970 we made two loans. The first was for sewerage systems in the northeast and north of Brazil. There is a fairly fixed financial plan in Brazil for water, sewerage, and housing because the funds for the housing bank come from the social security system. There is not too much leeway for subsidized terms. The AID loan makes it possible for the poorer communities in the poorer parts of Brazil to participate in this national program.

The loan was the result, to a large extent, of technical assistance which traces itself all the way back to the Rockefeller programs in the 1940's under which thousands of sanitary engineers were trained.

LOAN FOR EDUCATIONAL SYSTEM

The second loan, I think, is one of the most complex and potentially interesting made anywhere by AID. It was a $50 million loan to the Ministry of Education and Culture to provide an incentive system for states to improve their educational planning, budgeting, administration and to become eligible for increased funds for capital expenditures.

The objective is not so much the capital expenditures, which are largely for schools, but the qualitative changes in administration, planning, curriculum, teacher training, and so on.

With the matching Brazilian contribution, there is a total of $100 million addressed primarily at the secondary school level where you have had a very acute bottleneck in Brazil, where less than 5 percent of eligible children complete the secondary school. This creates not only technical shortages but I think it constitutes a most serious impediment to social mobility and to an equitable distribution of income and opportunity.

That loan I would say would probably, according to present plans, be 50 percent for the northeast.

1971 LOANS

This year we have authorized three loans. The first is for farm-to-market rural roads, and the financing principle is very much like the first one I mentioned. It is to provide subsidized terms for the poorer States. This loan would also be for the north and northeast, and give them a chance to compete on some equal basis with the richer States within a national program handled by the national development bank ($25 million).

Another authorized loan this year is for marketing centers, urban marketing, wholesale marketing centers, in the northeast and north, and assembly points for farm products outside the cities.

Senator CHURCH. Now these are all what you would call project loans.

Mr. ELLIS. Well, in our present jargon, Mr. Chairman, they are called sector loans but for all practical purposes they are project loans.

Senator CHURCH. Are you still engaged in making program loans to the Brazilian Government?

Mr. ELLIS. No, sir.

Senator CHURCH. That has been terminated.

Mr. ELLIS. The last program loan was in 1968.

The last loan is just $2 million for training of power engineers, specialized training.

TYPICAL TERMS OF LOANS

Senator CHURCH. Can you tell me what the typical terms of these loans are?

Mr. ELLIS. All our loans since 1964 have been at the maximum terms allowed by the law, at the present time, 40 years, 10-year grace period, at 2 percent during the grace period, and then 3 percent thereafter. We have not varied them.

Senator CHURCH. For the first 10 years none of the principal is repaid.

Mr. ELLIS. Yes, sir.

Senator CHURCH. Two percent interest payment on the loan. After the first 10 years then the principal is repaid along with interest.

Mr. ELLIS. Yes, sir.

Senator CHURCH. For a 30-year period?

Mr. ELLIS. That is right.

Senator CHURCH. What kind of loans are we now making in Brazil that could not be made through one of the multilateral agencies?

Mr. ELLIS. I think the only loan where I would make that case, and I would make it only on the basis of the fact they have not done it and don't appear to have the interest, is the education loan. There is no reason why any of the others could not be made by the international agencies. The education loan will have a large component for research, new technology, other specialized technical assistance; would have an American staff on the ground, not of Government employees but contractors, of 25 to 50 people. It involves a close relationship with several levels of the Brazilian Government in the sector, and has not lent itself to the method of operation of multilateral agencies.

The others that I mentioned are not this complex and could have been handled out of Washington by an international agency.

Senator CHURCH. Very well. Now please continue.

Mr. ELLIS. The only thing I will add on the loans, as I calculated it in my head, is that over 75 percent of the total for these 2 years will go to northeastern Brazil.

REPAYMENT RECORD

Senator CHURCH. Can you tell me what the record of repayment has been on the part of Brazil for loans that have been extended to that Government or to that country in the past?

Mr. ELLIS. There have been several major rescheduling exercises, Mr. Chairman, the last of which, I believe, was in late 1964. The terms were extended as a result of a consortium of all major lenders. Those reschedulings, if they had not been done, Brazil would probably have had to default on several loans. But they were always done in time, and to my knowledge there never has been a default on a U.S. Government loan, certainly not in my experience. I think in every case there was rescheduling or bail out operation, if you wish, to avoid this from happening. Since 1964 they have been extremely punctual in their payments.

Senator CHURCH. The bailout simply means an extension.

Mr. ELLIS. A rollover.

Senator CHURCH. A rollover.

Mr. ELLIS. Yes, sir.

Senator CHURCH. What repayments have been made since 1964? You said since that time the repayments have been punctual.

Mr. ELLIS. Well, the repayments to AID, on our earlier loans, have been, negligible, small. Ex-Im repayments have been substantial.

Senator CHURCH. And other loans from other sources are now being repaid.

Mr. ELLIS. Yes, sir.

Senator CHURCH. On schedule.

Mr. ELLIS. Yes, sir.

Senator CHURCH. Has there been any necessity for further rollover exercises, as you call them, since 1964?

Mr. ELLIS. No, although their debt service burden is getting up toward what might be called a dangerous level of over 25 percent of their foreign exchange earnings per year.

TERMS OF LOANS

One further point on terms. We make the loans to the Government of Brazil on these liberal terms. They are not necessarily passed on to the ultimate borrower at the same terms. That will vary depending on the borrower. If it is a private firm, they will get something approximating the commercial rates.

Senator CHURCH. Why shouldn't our loans for long-term economic assistance carry the same interest as our loans, let's say, for the purchase of weapons by Brazil? That is the cost of borrowing money by the Government of the United States.

Mr. ELLIS. Mr. Chairman, at our present level of operations, the difference would not be that significant. The economic effect would be almost a drop in the bucket in terms of the total programing of Brazilian foreign exchange. In the period of 1964–66, however, the liberal terms were a very significant part of the aid itself. One of the analyses that was made very carefully during that period was of the burden; our loans were such a big part of the overall financing that the terms made a significant contribution in getting Brazil over a dangerous hump.

You can no longer make that case, although the continued accumulation of short-term borrowing by Brazil is one of the areas of concern in their economic picture.

DEBT PROBLEM

Senator CHURCH. That seems to me to mean that Brazil is reaching that point where the interest of its own economy suggests a curtailment in borrowing from abroad and a greater reliance on generating capital from within.

Mr. ELLIS. The Brazilians are aware of this and are developing techniques for improving debt management.

When Governor Rockefeller was in Brazil 2 years ago, this was one of the primary points that they made to him. They explained their debt problem, I think, to 1990, and their point was that the lending countries should reduce the terms generally. But your point is also valid. A high rate of capital formation within the country could tend to reduce the need for foreign exchange.

In any developing country you really have two economic gaps to fill: One is your rate of savings; and the other, foreign exchange availability. Dealing with the first one does not necessarily take care of the second.

Senator CHURCH. But when the total repayment approaches 25 percent of the exports, then the country, in your own words, is reaching a critical point——

Mr. ELLIS. Yes, sir.

Senator CHURCH. —in relation to continued reliance upon imported capital, is it not?

Mr. ELLIS. That is right. Two things they have to do are be more selective in which debts they take on to make sure the projects have a high priority; and, second, try to obtain more cooperation on longer terms from other creditors.

I think it is for this reason that even though our program is small, we have tried to retain these favorable terms for symbolic purposes.

Senator CHURCH. All right.

PROGRESS UNDER CHARTER OF PUNTA DEL ESTE

Mr. ELLIS. I think the last section I would summarize, Mr. Chairman, is Brazilian progress under the Charter of Punta del Este.

In response to a 1968 request from the Committee on Government Operations of the House of Representatives, the Agency for International Development undertook a study to determine whether the goals of the Alliance for Progress were realistic or attainable in light of 8 years' experience. AID's review concluded that total accomplishment of the ambitious goals within the decade 1961–71 as contemplated in the Charter of Punta del Este was not possible. Too much had been expected too soon; nonetheless, achievement had been substantial.

Both generalizations hold true for Brazil:

(1) The alliance goals were unrealistic in the given time frame;

(2) Progress was substantial by 1968.

Among the reasons for this progress were:

(1) Sound economic planning and policy determination.

An effective ministry of planning emerged after the revolution of 1964, led by an internationally known economist, Roberto Campos, who cooperated closely with a distinguished Minister of Finance, Otavio Bulhoes. Their successors, Joao Paulo dos Reis Veloso and Delfim Neto, respectively, have maintained the high professional standard and a general continuity in policy. Macroeconomic planning covers in broad terms Brazilian development priorities over the next 5 years. Sector plans have been drawn up and are being followed in key areas such as education, agriculture, highway construction, shipbuilding, and steel expansion. These are basically self-help programs making maximum use of domestic resources, although most of them include support from international lending institutions. Economic policy has been flexible and creative, with basic reliance on the private sector and an open economy.

The personnel for this strengthened planning and policy system have been trained in local institutions, frequently with postgraduate work in the United States. Outstanding among Brazilian institutions producing economists for this effort has been the University of Sao Paulo which, under an AID-Ford Foundation grant, has availed itself of the professional assistance of Vanderbilt University in the development of a graduate school of economics equal to any in Latin America.

(2) Monetary and fiscal stability: Rate of inflation—1964 (peak), 140 percent; 1970, 19.8 percent.

Brazilian development strategy after 1964 was based on the two simultaneous goals of curbing inflation and restoring growth rates. It is no easy trick to reconcile these two somewhat incompatible goals. But through a skillful, flexible combination of fiscal, monetary, wage, and foreign exchange policies, Brazil has achieved one of the most impressive economic recoveries and growth surges in recent times. Brazil created an atmosphere in which meaningful and coherent national development plans could be drawn up, domestic savings and foreign capital attracted in support of these plans, and implementation moved forward under a free market economy relying largely on private enterprise.

(3) Dynamic private sector, particularly in the last 3 years.

(4) Tax collections, particularly in income tax area, spectacular increase in filers, and improvement in the system of compliance.

BRAZIL TAX DATA

Senator CHURCH. Can you give us a little more data on that?

Mr. ELLIS. I have some figures here from the Internal Revenue Service, and I suspect it is as reliable as I can get, broken down by both individual and corporate income taxes for 1965 through 1970, which I will supply for the record.

Senator CHURCH. Yes, they will be incorporated in the record at this point. Let me just glance at them.

(Information follows:)

The following table shows the course of income tax receipts during the period 1965–1970 expressed in real terms in millions of dollars.

Also included herewith is the USAID prepared table showing trends in income tax filing in Brazil during the same period.

BRAZILIAN INCOME TAX PERFORMANCE IN REAL TERMS [1]

[In millions of dollars]

	Conversion rate [2]	1965–70 gross tax revenue	Income tax receipts	Income tax as percent of gross
Year:				
1965	1.85	$2,065.5	$552.8	26 62
1966	2.20	2,642 5	608 8	23.04
1967	2.70	2,542 0	574.1	22 58
1968	3 40	2,919.7	641.1	21 96
1969	4.10	3,478.9	916.3	26.34
1970	4.60	3,989 5	1,064 2	26.68

[1] Adjusted for inflation.
[2] CR dollar equal U S. $1.

Source: FTAS, IRS, Washington, D.C.

INCOME TAX RETURNS FILED, 1965-70

	Total				Individual				Corporations			
			Taxable				Taxable				Taxable	
	Total	Non-taxable	Number	Percent of total	Total	Non-taxable	Number	Percent of total	Total	Non-taxable	Number	Percent of total
1965	674,075	272,256	401,819	59.6	353,923	166,407	187,516	53.0	320,152	105,849	214,303	66.9
1966	847,824	353,586	494,238	58.3	529,273	278,307	250,966	47.4	318,551	75,279	243,272	76.4
1967	786,326	304,682	481,644	61.3	468,730	232,281	236,449	50.4	317,596	72,401	245,195	77.2
1968	926,286	321,137	605,149	65.3	584,153	250,323	333,830	57.1	342,133	70,814	271,319	79.3
1969	4,660,407	2,715,406	1,945,001	41.7	4,276,828	2,681,926	1,594,897	37.3	383,584	33,480	350,104	91.3
1970	7,744,892	5,186,773	2,558,119	33.0	7,024,035	4,924,833	2,099,202	29.9	720,857	261,940	458,917	63.7

In real terms, federal tax revenues increased 18.9% in 1969 and 14.7% in 1970. While economic growth at 9.0% to 9.5% was in part responsible, due credit must go to the marked improvements in tax administration. Since 1967 almost seven million taxpayers have been added to the tax rolls; intensive drives seek out non-filers and examinations of their returns produce additional revenue; taxpayer relations and assistance programs are broad-based and professionally conducted; automatic refunding of overpaid taxes has become a standard operation. This concern of the GOB for a balance between its obligation and that of the taxpayer has created an unprecedented tax conscientiousness in Brazil, and equated tax administration with "social justice."

"Operation Dragnet" in 1968–1969 identified 161,177 non-filers, and brought in over Cr$33 million in additional revenue. "Operation Loan Sharks," directed at money lenders, resulted in collections of over Cr$60 million and the imprisonment of the major tax evaders. Early in 1970, subpoenas were issued to 350,000 business firms which had failed to file. A subsequent drive late in 1970 has already produced Cr$43 million in taxes and fines from 273,000 firms. The requirement to have a Taxpayer Identification Card (used in transacting business and obtainable only upon filing a return) brought in an additional 581,000 returns from individuals. A follow-up drive will begin in June, 1971.

The Fiscal Administration expects to add another million taxpayers to its rolls during 1971. The first audit program on a national basis will bring in additional revenue, while promoting voluntary compliance in future years. The rate of increase in revenue receipts should again exceed that of economic growth. For the first quarters of 1971 receipts were up 20% over those during the same period in 1970, based on real terms.

Mr. ELLIS. There was a real increase in income tax collections of 44 percent in 1969, a further 28-percent increase in 1970. Income taxes still account for less than half of their government revenue but this progressive tax, as opposed to their consumer and other more regressive taxes, has shifted the whole nature of the tax structure.

PER CAPITA GROWTH

I will close citing the specific objectives of the Charter of Punta del Este and comparing Brazilian performance. The first is per capita growth. The target was 2.5 percent per year. Brazil has attained that target. In the last 3 years, it has averaged 6 percent on a per capita basis, among the highest growth rates in the world.

Senator CHURCH. That is over and above the population growth

Mr. ELLIS. Yes, sir; they are net per capita figures.

INCOME DISTRIBUTION

Second, income distribution. The changes have not been striking but there has been some upward shift. I have a paper which has indicated a substantial increase in what we would call in the United States a blue collar worker class which represents, I think, perhaps a lower entry into the lower middle class, into an organized economic society. I think this is extremely significant. This group has grown very rapidly in the last few years.

Investment levels as a percentage of GNP have improved in the last few years and are now higher than the general historical level. They are still relatively low. One of the surprising things about Brazilian growth is that it has occurred without exceptionally high levels of investment. There are various explanations for this. One has been called a managerial revolution in Brazil. Another is the availability of so much land which can be cultivated with little investment.

TRADE DIVERSIFICATION

Trade diversification. One of the most striking changes has been a sharp reduction in the dependence on coffee and the emergence of manufacturers. Of course the total exports is the most significant of all, exports have doubled, virtually doubled, since 1961, and really since 1964, because they did not grow in the first 3 years of the decade. Industrial growth (average rate) has been 12 percent well above the growth rate. Agriculture was always a lagging sector in Brazil; it was possible to increase agricultural production and meet the increased demand for food and fibres without much investment and without an increase in productivity, simply by expanding the availability of land. This policy tended to doom the rural population to perpetual low incomes.

In the last few years, there has been a much better balance between agriculture and industry. The overall growth of agriculture has been 6 to 8 percent in the last year.

AGRARIAN REFORM

Agrarian reform. Brazil recognizes the need for agrarian reform. There is a great deal of concern about agrarian reform but it is not generally equated with redistribution of land already under cultivation. Instead the emphasis has been on relocation and colonization. The Trans-Amazonica Highway is an example of resettlement.

Senator CHURCH. Let me ask you this——

Mr. ELLIS. Yes, sir.

Senator CHURCH (continuing). In connection with the new land to be settled, has the government adopted a land policy that would assure that settlers could move on to and develop and own their own land, that is to assure that the new settlement won't soon fall into the same pattern as the old land ownership in the settled parts of the country.

Mr. ELLIS. Well, I think more accurately they are trying to develop such a policy, Mr. Chairman.

As you can imagine this is an extraordinarily complex job, much more difficult than colonizing, say, our Mississippi Valley. The physical problems are difficult. The capacity of the people involved is far lower, their health and education standards, so that without a comprehensive program of education, agricultural technology, credit, health services, marketing facilities, and so on, they will just be simply shifting subsistence farming from one area to another part of the country.

You can hardly exaggerate the importance and difficulty of this kind of social engineering.

Senator CHURCH. You will remember that in the settlement of the West here in the United States, Government policy was to attract settlers by making the metals and the minerals available to those who located them. That is simply a policy, I suppose, of what you might call finders keepers, and the lure of gold brought many people West.

The second and more important inducement was making the land available for settlement through the Homestead Act, and the Desert Land Entry Act, and other policies of that kind. Is there anything comparable to that going on in Brazil?

Mr. ELLIS. With reference to the Amazonica project which is far and away the largest, there will be clear title given to 240 acres, a 100 hectares: I don't know about mineral rights. At least on the drawing board, the programs to provide comprehensive services for these people are being worked on. Most of the controversy over the project——

Senator CHURCH. I don't know whether you can answer this question, but one of the staff here has suggested that I ask you. What in general is the difference in costs between breaking up existing farms and bringing new land into condition for cultivation?

Mr. ELLIS. I don't think I could answer that. There are areas in the sugar zone in the northeast, for example, that are not in cultivation that are right in the urban food sheds, so obviously the problem in this case is not economic. There are other factors involved. If I had to generalize on it I would—there would be many areas in which redistribution would be a more economical process.

Just a few weeks ago the Government announced a decree on agricultural credit, and a share of that credit, I forget the amount, but a sizable amount, is to be used for long-term money for land purchases to allow the marketplace to effect the redistribution from the larger to the smaller farmers. This I would consider a very intelligent way of stimulating redistribution.

TAXATION

Senator CHURCH. Insofar as the redistribution of wealth within Brazil is concerned, is taxation the major reliance of the present government?

Mr. ELLIS. No—well, if there is such a thing as a strategy for a redistribution of wealth I would say it was to achieve the highest possible overall growth rates, and second, to broaden the educational structure so that a larger segment of the population can participate in this growth. I think I would put taxation third on the list.

Senator CHURCH. I see.

Mr. ELLIS. Taxation, as I said earlier is becoming less regressive, it is becoming more progressive, but it is still not a significant factor among income groups. Among regions, or between the south and the northeast, it is highly significant. A special tax incentive program for private investments, a 50-percent rebate on corporate income tax, has shifted over a billion dollars into the northeast since 1963, mostly in the latter years.

The northeast receives something like 175 percent of the general tax revenues that they pay. This sort of thing occurs in the United States too.

Senator CHURCH. Yes.

Mr. ELLIS. But among income groups taxation is not significant. I would say education is the primary element in this strategy. As I said earlier, what has occurred has been, what is occurring in Brazil, is the very rapid upward mobility into the middle class. Not among the very bottom groups in the society, not the illiterate groups who remain on the minimum wage or as subsistence farmers; they are kind of caught in what the economist calls a trap. But the second quartile of the population moving very rapidly into an organized economic en-

vironment such as large businesses, commercial farms, service industries, and so on. Literacy is also a part of this picture. Illiteracy has dropped from 50 percent among adults in 1955, to 33 percent in 1970. I now have a later figure than the one in the text: There are over 1.4 million people in a new literacy program which is headed by a well-known economist, Mario Simonsen, whom I suspect you have met.

HOUSING DEVELOPMENT

Senator CHURCH. What about the slum problem in major cities? Has there been any perceptible improvement in that?

Mr. ELLIS. I can tell you more about Rio than the country as a whole. There has been a large reduction in the favelas in Rio and a relocation of these people in the area. There are pros and cons of this policy, of course, but by and large the quality of the housing they have received and the other services, transportation to work for example, which has been a problem in the past, has improved. I think the general receptivity to this is high.

If you generalize about the question of housing, one of the most striking institutional developments in Brazil has been the National Urban Housing Bank which covers water and sewerage as well as housing. This bank didn't start until 1964, one of the many contributions of Roberto Campos. It didn't really get started until about 1967. They have constructed over 600,000 housing units, mostly low cost, providing housing for 3.5 million people. Gross investments in housing were over a billion dollars in this short period, mostly in the latter part of the period. And not just public housing, but stimulating a general system of private and public savings institutions. The National Housing Bank is not financed with fiscal sources but either social security contributions or private savings. Returning to the previous question, 35,000 families, 28 percent of the favela dwellers in Rio, have been resettled.

POPULATION INCREASE IN URBAN AREAS

I think one of the most troublesome problems in Brazil and almost any country like Brazil is the rapid rate of urbanization.

Preliminary 1970 census figures are now in. The country is about 55 percent urban. Rural population is becoming pretty close to static. The increase in population is occurring almost entirely in the urban areas, at around 5 or 6 percent per year. If you look at a country with this tremendous land availabilities and obvious potential for extensive agriculture, as opposed to most Asian countries, you can see this urban population going up to 80 and even 90 percent, as ours is now in the nineties. And to provide what we would consider adequate housing and other urban services, water, sewage, and so on for this highly geographically mobile society would consume the entire investment or the entire available savings of the country in this one sector alone.

Senator CHURCH. Is the government doing anything to discourage the migration to the cities other than attempting to open up the hinterland?

Mr. ELLIS. That is one of the motivations for opening up the hinterland by Trans-Amazonica. People are studying this problem and are concerned about it. The president of the National Housing Bank has written an extremely provocative paper, an alarming paper, about the consequences of not doing something about it, advocating emphasis on the middle-sized city, cities up to 500,000. In the distribution of the resources of the National Housing Bank, he has attempted to skew the funds in favor of smaller cities which appear to have industrial or agricultural marketing potential and away from the large cities such as Sao Paulo and Rio.

The fastest growing cities are these medium sized cities. Rio, for example, is growing perhaps at most at 3 percent a year, which is about the national average, but the national urban average is something more like 6 percent. There are many cities in the 250,000 to 700,000 range which have been growing 6, 7 percent per year. It is completely beyond the capacity of any government at any level to cope with this.

SIGNIFICANT EDUCATIONAL IMPROVEMENTS

Education: I think what is going on in education is the single most significant thing in Brazil, not only for economic reasons but for social. There has been a substantial expansion of enrollments since 1965; I consider the expansion in secondary education to be the most significant. Secondary education in a country such as Brazil is your passport into the middle class, at least the upper middle class, and a child with the intellectual capacity denied the opportunity for lack of facilities has really been denied a chance to function in a modern society.

Brazilian expenditures on education have expanded significantly. They are now over 3 percent of GNP, a larger share than expenditures on military, and have expanded 11 percent in real terms per year since 1961.

HEALTH AND INFLATION PROBLEMS

Health has not been one of the areas of greatest forward movement, with the exception of water and sewage which is handled by the National Housing Bank.

Low-cost housing we have already mentioned. Slum relocation I mentioned. Maintenance of stable prices: The story on the Brazilian fight against inflation is well known. From a peak rate of 140 percent it finally got below 20 percent in 1970. The charter also stresses the need to bear in mind the necessity of maintaining an adequate rate of economic growth. The extraordinary feature of Brazil's fight against inflation was that it was concurrent with a successful restoration of a high growth rate. Latin American economic integration: The picture is not——

Senator CHURCH. Even with this remarkably improved record on inflation, how can ordinary people possibly save anything and have their savings mean anything when inflation is at a rate of 20 percent a year?

Mr. ELLIS. Mr. Chairman, one of the—as Mr. Holt knows—one of the things that the Brazilians have been most ingenious at in the last

few years is developing devices for protecting themselves against inflation.

Let me mention a few. Annual adjustment of wages: Just the first of May the President announced an increase in minimum wages of 20 percent, roughly equivalent to the previous year's inflation. This is taken now as an automatic thing. You don't have to negotiate for it; it is automatic.

Mortgages tend to be pegged to prices, or to wages, which is even better.

All financial instruments, I don't think there are any major exceptions now except equities, are pegged to inflation. For example the bonds of the National Housing Bank carry 8 percent plus an adjustment for inflation, what is called monetary correction. The people who are financially sophisticated, and this includes almost everybody all the way down the list, know how to deal with this.

Senator CHURCH. On a long term loan, let's say a mortgage, is the repayment of the principal tied to the purchasing power of the money? Would you explain how that works? I am rather intrigued on how they come to deal with this kind of inflationary situation.

Mr. ELLIS. As an aside, Mr. Chairman it is much easier for the Brazilian middle class to cope with inflation at 20 percent than it is for me to cope with inflation at 6 percent.

The common arrangment on the mortgage for a low-income group is that the payment would be, say, 25 percent of salary, and as the minimum salary went up then your payments would go up accordingly.

If, as the bank calculates the adjusted interest, there would be so much left to be applied to principal; this could change the length of time in which your mortgage was repaid.

For example, originally it might be calculated at 20 years but might end up to be 25 years.

Many people object to this. They feel they are getting into an open end contract, and it is a disadvantage. But I think the other side of the case, as a hedge against inflation more than offsets it.

It is hard to explain this sometimes to illiterate people.

Senator CHURCH. What happens to money that is deposited in banks? How is the inflationary problem coped with there?

Mr. ELLIS. Well, demand deposits of course do not pay interest, and people tend to keep extremely low balances, working balances. Savings accounts do pay a nominal rate of interest—sometimes not so nominal up to 8 percent—plus correction for inflation. So the only type of money that is left unprotected is the demand deposit for working capital which of course tends to be rolled over rapidly.

Senator CHURCH. Yes. Thank you.

ECONOMIC INTEGRATION AND COMMODITY STABILIZATION

Mr. ELLIS. I think we are about to conclude. On Latin American integration, economic integration, progress has been limited. It shows some increase in exports but as a percentage of the total it is not significant. I think the fact of life is that you have little economic complementarity among the various countries in Latin America.

Lastly, commodity stabilization. I think it is worth mentioning that Brazil has cooperated in the coffee agreement. Some time ago

they made a rigorous effort to reduce their own production, to prevent the accumulation of large surpluses, and even though they have reduced their own dependence on coffee, and many Brazilians feel they can live without the coffee agreement, they are concerned about the potential disruptive effect on other countries who are still heavily dependent on coffee.

I think that concludes my summary, Mr. Chairman.

(The statement follows:)

STATEMENT BY WILLIAM A. ELLIS, DIRECTOR, USAID BRAZIL, AND MINISTER FOR ECONOMIC AFFAIRS, AMERICAN EMBASSY, BEFORE THE SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS OF THE COMMITTEE ON FOREIGN RELATIONS, U.S. SENATE

Trace the history of United States aid program (economic and technical) in Brazil since World War II

WORLD WAR II AND AFTERMATH

Institute for Inter-American Affairs

In 1942, inspired by wartime need for food and raw materials and because of the strategic importance of the country, the United States began its formal bilateral assistance relationships with Brazil. Under the leadership of Presidential Assistant for Inter-American Affairs, Nelson Rockefeller, the Institute for Inter-American Affairs (I.I.A.A.) was formed and supported multi-million-dollar programs in minerals exploration, public health, rubber growing, and food production.

In the field of minerals exploration, geologists of the United States Geological Survey made surveys of North and Northeast resources of lead, zinc, talc, magnesite, barite, and other critical and strategic materials. A dozen USGS technicians were assigned to Brazil in those years.

A wartime effort to revive rubber production in Brazil was primarily directed to the Amazon region, with a lesser effort aimed toward the Northeast. The food supply division of the I.I.A.A., in cooperation with the Brazilian Government, established units to aid in the emergency food program and in the long-term improvement of agriculture and nutrition.

Contributions by the U.S. for I.I.A.A. activities in Brazil in the Post-War Relief Period, 1946–1948, totalled $3.6 million. I.I.A.A. contribution through the remainder of the life of the Institute, 1949–1951, amounted to $2.8 million.

Beginning in 1942, the U.S. was active in a cooperative program of industrial education. A joint undertaking, known as the Brazilian-American Commission for Industrial Education (CBAI) was created to focus binational efforts on this critical sector of the Brazilian educational system. Over the years, 55 Americans served in CBAI and a total of 156 Brazilian teachers and administrators of industrial education were trained in the United States.

In July 1942, following a meeting of the foreign ministers of the American states, an agreement was signed between the Governments of Brazil and the United States creating the Cooperative Health Services (SESP) to protect the health of U.S. and Brazilian military and civilian personnel. United States concern stemmed from a memorandum to President Roosevelt written by Nelson Rockefeller pointing out the importance and value of setting up bilateral cooperative endeavors to strengthen various phases of the health and educational work of Latin American republics.

United States contributions in the first three years were much greater than Brazil's; by 1945 the Brazilian share greatly exceeded that of the United States. Total United States contributions to the joint health program were $16.8 million in the period 1942 to the phase-out of U.S. participation in 1960.

U.S. personnel, at one time numbering 70 on-site, diminished in numbers as Brazilian expertise increased. A total of 200 U.S. technicians served in Brazil in the eighteen-year period of U.S. cooperation. When U.S. assistance phased out in 1960, there were more than 3,000 Brazilians trained and at work in SESP activities. SESP has provided a variety of in-service training courses for more than 12,000 people. In addition to a broad spectrum of health services, campaigns against communicable diseases, and maternal and child health programs, SESP

developed competence systems for statistical and medical laboratorial services. One of the best executed programs of SESP was in the area of sanitation facilities, where 131 public water systems were constructed in the 18-year period, mostly in smaller communities of less than 2,500.

1948–1949: Joint Brazil/United States Technical Commission (Abbink Mission)

In 1947, discussions began between the Governments of Brazil and the United States which led to the establishment in 1948 of the Joint Brazil-United States Technical Commission. The Commission was to analyze the factors in Brazil which were tending to promote or to retard the economic development of Brazil. It was to assess the capacity of Brazil for economic expansion through the maximum use of internal resources. The Commission was not to undertake an appraisal of the merits of specific projects or to evaluate the desirability of obtaining foreign financing.

The United States delegation, headed by John Abbink, arrived in Brazil in September 1948, whereupon the Joint Commission was organized into a Central Commission and eleven subcommissions. The subcommissions, consisting of technicians from both delegations, were each to study one of these subjects: agricultural and livestock development, banking, electric energy, fiscal problems, fishing and fisheries, industrial development, labor and manpower, minerals, refrigeration and warehousing, and transportation.

The Joint Commission submitted its report to Presidents Truman and Dutra in March 1949. The report identified four ways in which Brazil was to finance its expenditures abroad for machinery and other capital goods and related services:

1. Use available foreign exchange reserves and supplement those reserves by selling some of its gold.
2. Secure additional foreign exchange by increasing its exports, by producing in Brazil some articles then being imported, and by limiting the importation of non-essentials.
3. Attract an increased inflow of foreign capital in the form of direct investments by foreign companies or individuals.
4. Provide a satisfactory basis for loans from foreign or international investing institutions and other investors abroad. The World Bank and the U.S. Export-Import Bank were cited as two institutions where interest in Brazil was already well defined.

The principal policy recommendations of the Joint Brazil-U.S. Technical Commission (Abbink/Bulhoes Mission) focused on the problems of inflation, balance-of-payments pressures, railroad rehabilitation, and tariff reform.

1951–1953: Joint Brazil/United States Economic Development Commission (Knapp/Bohan Mission)

Under an agreement between the two countries signed in December 1950, a Joint Brazil/U.S. Economic Development Commission was established which operated until December 1953. The U.S. delegation was headed first by J. Burke Knapp and then by Mervin L. Bohan.

The Joint Economic Commission was created to provide a working mechanism to produce practical results in the area of economic cooperation between the two countries. United States participation was based upon provisions of the Act of International Development, popularly known as Point Four. Previous assessments of the problems of Brazil had demonstrated the pressing needs (a) for foreign investment, (b) to correct deficiencies in basic sectors of the economy, and (c) to promote conditions for further growth.

Those developmental needs and aspirations were seldom substantiated in concrete, soundly worked-out projects which could be submitted for consideration of financial institutions such as the Ex-Im Bank or the World Bank.

The Joint Economic Commission was structured to provide technical assistance within the purposes and provisions of Point Four so that Brazilian institutional technical competence could develop a flow of developmental loans from international or U.S. lending agencies which would, in turn, stimulate private investment.

The need for private capital was recognized by technicians of both governments. But it was also clear that public loan capital was needed to overcome bottlenecks in basic sectors, such as transportation and power, without which opportunities for private capital investment would be seriously impaired.

The ultimate aim of the Joint Economic Commission was to create conditions for, and eliminate obstacles to, an increase of the flow of investment, public and private, domestic and foreign, needed to promote economic development.

The Joint Economic Commission was divided into two sections: one Brazilian, one American. Technical work was done in the subcommissions established for that purpose. Six subcommissions were functional throughout the life of the Joint Economic Commission: Electric Energy, Railway Transport, Water Transport, Agriculture, Ports, and Technical Assistance.

The main responsibility for extension of loans and credits rested with the National Bank for Development (BNDE) which was organized during the life of the Joint Economic Commission for that purpose. For financing of the foreign currency components, the program depended upon the World Bank and the Ex-Im Bank.

The Joint Economic Commission transmitted all of its projects and recommendations to the Department of State, which was requested to ascertain whether the World Bank or the Ex-Im Bank were willing to undertake negotiations. A total of 42 projects was submitted. There were 18 railway projects, 9 power, 5 shipping, 3 agriculture, 3 ports, 2 highway, and 2 industrial projects. The Ex-Im Bank financed 25 of these.

Besides its responsibility in framing an investment program involving recommendations for loan financing, the Joint Economic Commission coordinated and supervised technical assistance activities conducted under the Point Four program. The technical assistance activities were directed in some cases to complement the investment program in railway, highway, and water transport.

Bilateral Center Assistance

The bilateral technical cooperation program began in 1951 under the supervision of the Joint Economic Commission. The United States spent about $2.8 million annually over a seven-year period through 1957 and increased its spending substantially thereafter, reaching a peak of $12.2 million in 1960. Over the decade, the Brazilian Point Four program cost $64 million, about 40% of which was obligated in the last three years of the period.

The programs of the late 1940's in public health, industrial vocational training, and minerals investigations continued and were expanded during the early part of the 1950's. Point Four began with a commitment to a philosophy of balanced programs, but establishment of a comprehensive process for deciding program priority was slow in developing. Priority was given to agricultural training through a bilateral Agriculture Service (ETA) created in 1953, and through a program of supervised rural credit (ABCAR). Late in the decade, technical assistance programs in public and business administration were begun, as well as programs in education, audio-visual techniques, and public safety.

The Alliance Years of the Sixties

Under the Alliance for Progress, Brazil benefitted from both increased aid flows and improved financing terms. A.I.D. grants and loans with low interest rates and long grace and amortization periods have accounted for about 60% of the $2.1 billion in U.S. economic assistance received by Brazil during FY 1962–70

In the decade, A.I.D., and to a lesser extent, the Inter-American Development Bank (IDB) have been the major sources of foreign economic assistance.

Although funds from the U.S. programs were only a small percentage of Brazilian domestic investment during the 1960's, they have made an important contribution to growth. Assistance has gone into key areas, initially into economic infrastructure, such as dams and highways, and more recently into social infrastructure, such as education and health, where domestic and other available foreign resources were inadequate. The programs generated by this assistance have helped focus attention on these crucial areas. Highway construction and maintenance programs have helped open new areas to the market economy, enabling farmers to ship food to urban areas more economically and enlarge the market for industrial products in rural areas. U.S. assistance has also enabled Brazil to gain badly needed capital equipment and technical skills, which its balance-of-payments position did not otherwise permit

U.S. assistance strategy varied in the Alliance years, according to conditions in Brazil, which can be characterized as (a) the Quadros-Goulart Years, 1961–1964, (b) the Stabilization Years, 1964–68; and (c) the Years of Sector Assistance, 1969–70.

1961–1964: The Quadros-Goulart Years

From the outset of the Alliance until the Revolution of March 1964, the U.S. assistance program was adversely affected by the political turmoil which char-

acterized the Quadros and Goulart Governments. In contrast to the rapid industrialization and high growth rates in the 1950's, the Brazilian economy ground almost to a halt in the early 60's due largely to rampant inflation and increasing political instability.

Elected with 48% of the popular vote in October 1960, Janio Quadros, Kubitschek's successor, got off to an excellent start in his domestic programs. He focused on fiscal responsibility and administrative reform. His comprehensive anti-inflationary program earned the support of the IMF and the U.S. Government. We took the lead in arranging a joint multilateral program of external assistance to avert Brazilian financial collapse and to give him time to carry out his stabilization program. This consisted of a roll-over of hundreds of millions of dollars of foreign debt and the provision of impressive amounts of new credits (see section on Loan 512–A–004 in Question 3a for details). Unfortunately, Quadros' programs never got off the ground. After seven months in office, he sent his resignation to Congress and it was accepted.

Quadros was succeeded by his vice-president, Joao Goulart, who took over in the midst of great political turbulence and economic uncertainty marked by rampant inflation and the threat of international insolvency. After renewed assurance of reform intentions, the U.S. moved to help with a new loan raising the total immediately available to Goulart to $178 million. On the basis of further elaboration of stabilization plans, the famous Bell-Dantas agreement was reached in early 1963 providing for another $398 5 million of U.S. support for the Goulart Government.

Unfortunantely, Goulart, for political reasons, failed to support the stabilization program upon which U.S. program loans and IMF standby support were predicated. Further U.S. assistance to Brazil under Goulart was limited to technical assistance, PL–480 shipments and certain project loans. Our programs turned more to the states and regions of Brazil such as the drought-stricken Northeast area where we signed a special agreement in 1962. The focus of that $131 million program was on highway maintenance and construction, electric power, health, public administration and education, with most of the assistance channeled through SUDENE, the regional development agency.

1964–1968: The Stabilization Years

With the Revolution of 1964, Brazil's grim economic prospects changed almost overnight. The newly appointed Ministers of Finance and Planning were given a relatively free hand to implement stabilization and administrative reform programs.

Capital assistance support by the U.S. was extensive between 1964 and 1969. In addition to large-scale program lending, there were project loans for electrical generating and distribution capacity, transportation, and agricultural and industrial credit.

We assisted the Brazilian Government in its reform plans in the fields of agriculture, education, housing, the tax system, health, and governmental administration by means of the largest technical cooperation program in Latin America.

In addition to loans and technical cooperation, we used two other development tools in assistance to Brazil—Food for Peace assistance (Title I and II) totalled $564.3 million in 1962–70, and Investment Guaranties for new U.S. private investment, covering the introduction of about $200 million in new techology or capital into Brazil.

1969–1970: The Years of Sector Assistance

Political developments in December 1968 led to an extensive review of our programs and no new loans were authorized in FY 1969. A technical assistance and Food for Peace program was continued as in the 1964–1968 period.

Review of the economic performance of the Brazilian Government in the 1964–1969 period has been especially impressive, showing high and increasing annual growth rates in 1967, 1968, and 1969. These factors plus an increase in Ex-Im Bank lending, IMF standby agreements in the $70–100 million range, IDB lending levels at about $150 million per annum, and IDRB levels expected to total $1 billion in the next five years have reduced the need for bilateral concessional lending. A.I.D loan assistance is now focused on a few selected sectors, i.e., education, agriculture, health, and new IA–ECOSOC proposals such as export promotion and capital market development. Bilateral lending in FY 1970 totalled $75 million. Technical assistance grants continue to support the same general objectives.

With respect to each program loan show: date, amount, the circumstances in which it was made; its terms and conditions, the dates on which each tranche was released and the circumstances of each release. Include the relationship, if any, to the policies of the IMF and CIAP. Give particular attention to the reviews, if any, which took place prior to the release of each tranche.

The loans to be considered under this query are the following:

Loan Number.	Date	Amount (millions)
512-A-004	Nov. 20, 1961	$74.5
512-K-010	Apr. 24, 1963	25.5
512-K-024	June 24, 1964	50.0
512-L-034	Dec. 14, 1964	150.0
512-L-055	Feb. 10, 1966	150.0
512-L-064	Mar. 11, 1967	100.0
512-L-073	May 23, 1968	75.0

The seven A.I.D. "program" loans listed above fall into at least two and possibly three distinct categories. The first two loans were made as relatively small parts of two major U.S. efforts to help Brazilian governments avert economic collapse by supporting proposed stabilization and financial reform programs. The third loan was an emergency measure to meet a foreign exchange crisis and the last four were designed as primary support to a systematic Brazilian effort to stabilize and develop the economy. Each of the loans is discussed separately below.

Loan No. 512-A-004—$74.5 Million—November 20, 1961

Terms: 40 years—10-year grace period—¾ of 1% interest on disbursed portion of loan.

Tranche release dates: 11/20/61, 1/11/62 and 4/19/62. Originally for $100 million. Reduced to $74.5 million at time disbursements suspended. Balance of $25.5 million reauthorized as Loan No. 512-K-010.

While Brazil had had periodic balance-of-payments and inflationary crises in the past, economic and financial difficulties reached new highs during the regimes of Presidents Quadros and Goulart (1961–1964). The first of these occurred in early 1961. At that time, the U.S. took a strong lead in arranging a joint multilateral program of external assistance intended to avert Brazilian financial collapse and give the new Quadros Administration time to carry out a program of financial stabilization. In May 1961, the conclusion of bilateral financial negotiations culminated in U.S. agreement to provide new credits to Brazil amounting to $338 million of new money. Of this total, Treasury was to provide $70 million, A.I.D. $100 million, and Ex-Im Bank $168 million. It was also agreed to postpone to later years principal repayments to the Ex-Im Bank amounting to $304 million. These consisted of (1) $212 million of payments due in the period June 1961 through July 1967 of payments due under previously established balance-of-payment loans and (2) $92 million of payments under project credits due in the period June 1961 through June 1963. All the payments deferred were rescheduled over a 20-year period.

The IMF, in order to assist in the Brazilian stabilization program, announced on May 17, 1961, that it had entered into a one-year standby arrangement under which it would provide the Brazilian Government with an equivalent of $160 million. Payments to be made to the Fund against previous drawings totaling the equivalent of $140 milion would also be rescheduled.

Brazilian negotiations with a group of New York banks resulted in the extension of the repayment schedule for $114 million in principal due in the next few years, as well as in the granting of additional credits of $48 million.

Representatives of the Governments of Belgium, France, West Germany, the UK, Italy, the Netherlands, Sweden and Switzerland concluded negotiations in Paris on May 24, 1961, with a Brazilian financial mission. European cooperation in the Brazilian stabilization program included the consolidation of refinancing over a period of ten years (subject to extension) of about $300 million in obligations falling due by the end of 1965. Credits amounting to $110 million were negotiated by Brazil with private European banks.

Although the Brazilian Government made no written commitments, U.S. and European help was extended with the understanding that the Brazilian authori-

ties would follow a program aimed at financial stability, which was embodied in its agreement with the IMF.

Implementation of the May 1961 agreement was delayed until completion of Congressional action on the A.I.D. appropriation (a part of the original understanding) and until the details of other credit transfer arrangements could be worked out. During this period it became increasingly clear that the Quadros Administration was either unable or unwilling to take the restraint measures agreed upon and no disbursements had been made at the time of President Quadros' sudden resignation August 25, 1961.

The new regime of President Goulart found itself in the midst of a raging inflation at the border of international insolvency. After renewed assurances of reform intentions, the U.S. moved swiftly to provide help. The release of fifty million dollars concurrent with the signing of Loan No. 512–A–004 on November 20, 1961, brought the total of new U.S. assistance to the Goulart Government to $178 million. The first loans under the May agreement were released on September 7, 1961.

The IMF was also concerned about the faltering Brazilian stabilization program and informed the Goulart Government that the current $60 million drawdown on its standby agreement was the last until a new agreement could be reached after further consultations. The Brazilian Government was at first reluctant to invite further IMF consultation, but just prior to the release of the second tranche of Loan No. 512–A–004, Brazilian/IMF consultations were arranged. The release was made on January 11, 1962, in the amount of $15 million.

No further releases were made under the loan until April 19, 1962, when the last tranche release for $9.5 million was made. This was a part of a $35 million release from the $129 million balance of the May 1961 understandings. The April 19 action was taken after Brazilian Minister of Finance Moreira Salles had held intensive discussions with the IMF and U.S. agencies about stabilization plans of his government during a visit to Washington in March of 1962. Despite the high hopes expressed by all participants at the time of the release, financial reform remained unrealized and no further A.I.D. program loans were made until April of 1963.

Loan No. 512–K–010—$25.5 Million—April 24, 1963

Terms: 40 years—10-year grace period—¾ of 1% interest on disbursed portion of loan.

Tranche release date: 4/24/63. While carried as a separate loan and derived from a later year's contingency fund, this loan can also be considered as the final release of the May 1961 understanding.

By the beginning of 1963, Brazil was still in deep financial trouble. In March 1963, new Finance Minister Dantas headed a Mission to the U.S. to seek substantial assistance in support of Brazil's highly publicized Three-Year Economic Development Plan. After lengthy negotiations, the Bell-Dantas agreement was reached on March 25, 1963, under which $398.5 million was to be made available by the U.S. to the Brazilian Government geared to the implementation of an effective economic stabilization program, the general terms of which were outlined in an exchange of letters (available on request). The assumption was made that Brazil would also be able to obtain financial help from European financial sources. Dantas stated in his letter that negotiations would be held shortly with the IMF for a standby arrangement and that the IMF had agreed to a deferral of a $26.5 million payment obligation which was otherwise due in March 1963. It also stated that the Brazilian Government hoped to negotiate with European sources and Japan for a credit of up to $100 million, including reactivation of the $77 million which was not used under the European standby credits negotiated in 1961.

The Bell-Dantas agreement included provisions for Ex-Im Bank refunding of debt repayments of $44.5 million falling due between June 1, 1963, and May 31, 1964. It also provided that the remaining $85 million—Ex-Im $33 million, Treasury $25.5 million, and A.I.D. $25.5 million—of the May 1961 package be part of the $398.5 million and be released immediately. It was actually released in April 1963.

Shortly after the Bell/Dantas exchange of letters the GOB: agreed to a 70% wage increase for government employees; was unable to contain other government expenditures; could not reduce the treasury cash deficit; and could not make significant strides to implement the program upon which further release of U.S. program loan funds was predicated. Further U.S. assistance to Brazil under the Goulart regime was limited to technical assistance, PL–480 shipments, and a few project loans.

Loan No. 512-K-024—$50 Million—June 24, 1964

Terms: 40 years—10-year grace period—¾ of 1% interest during grace period and 2% thereafter on disbursed portion of the loan.

Tranche release date: June 23, 1964, the date of signing.

The April "Revolution" of 1964 brought the installation of General Castello Branco as President. The distinguished economist, Roberto Campos, was named Minister of Planning and a determined and effective governmental effort to stabilize and reestablish the preconditions for further economic growth was begun. While the U.S. was anxious to help, its experience with the Quadros and Goulart regimes had suggested caution in accepting expressed intentions in lieu of actual performance in the financial and economic field. Only after the Castello Branco Government had actually begun its long series of highly successful reforms was the first contingency loan for financing the procurement of essential commodities made.

Loan No. 512—L—034—$150 Million—December 14, 1964

Terms: 40 years—10-year grace period—1% interest on disbursed portion of loan during grace period and 2½% thereafter.

Tranche release dates: December 1964, June 1965, October 1965, and December 1965.

The Castello Branco Government atacked with determination and vigor the continuing stabilization and development problems that had faced its predecessors. On September 5, 1964, we officially took note of this difference in approach to economic problems. In replying to a letter from President Castello Branco, President Johnson noted that:

> We are joined in (the) struggle in the Alliance for Progress. The charter of Punta del Este was not only a commitment, but a challenge to achieve that historic mission.
>
> "We in the United States have been heartened—and I believe the whole Hemisphere looks to the future with more optimism—because of the vigorous manner in which your Government has accepted this challenge. We have followed with great interest the initial efforts of your Government to reverse the serious economic deterioration which confronted you when you took office, and to step firmly forward on the road to economic prosperity and well-being. We know that decisive action in the economic life of Brazil can and must come only from the Brazilian Government and people. But I want to assure you, as you press forward on constructive programs for the welfare of Brazil, that my country stands ready to give its sincere support through the Alliance for Progress."

The economic plans of the GOB were presented to CIAP in October 1964. These plans were subsequently published in two volumes under the title, *A Program of Action*. On December 7, 1964, the Brazilian Government indicated its stabilization and development plans for the coming year in a letter to CIAP (Interamerican Committee on the Alliance for Progress). Shortly thereafter, on December 14, 1964, Loan Agreement No. 512-L-034 was signed. In addition to other requirements, the loan specifically noted that the GOB had described its "specific policies and goals of the action program in a letter to the chairman of CIAP" and that the A.I.D. program loan was being made in support of the Brazilian action program. Specific provision was made in the loan for joint quarterly reviews of progress made under the action program. $52.2 million was reelased at the time of loan signature. The first quarterly review was completed during the period May 24 through May 29, 1965, and performance being agreed to have been satisfactory, the second tranche of the loan, $32.5 million, was released in June 1965. Similiarly, the second quarterly review was completed on September 28, 1965, with the third tranche release, $32.5 million, being made in October. The fourth and final $32.5 million tranche release took place on December 14, 1965, after the completion of a satisfactory fourth quarterly review on December 13, 1965.

Loan No. 512-L-055—$150 Million—February 10, 1966

Terms: 40 years—10-year grace period—1% interest on disbursed portion of loan during grace period and 2½% thereafter.

Tranche release dates: March 1966, August 1966, October 1966, and February 1967.

Brazilian progress during 1965 had been impressive. The annual rate of inflation was reduced from above 90% to less than 50%. The Gross National Prod-

uct increased. The Federal deficit was held to levels estimated in the December 1964 letter to CIAP and in general the broad stabilization and economic development program set forth in Brazil's action program marched steadily forward. On December 20, 1965, the GOB addressed a letter to CIAP indicating its intention to continue its planned program and setting forth various specific accomplishment targets which it hoped to reach in the course of the year. Loan 512-L-055 agreed to lend $150 million in support of this program for development, stabilization and reform as described in the December 20 CIAP letter.

Prior to release of the first tranche of the new program loan signed on February 10, 1966, there was a joint review with Brazilian authorities of economic progress during the fourth quarter of 1965 (completed March 8, 1966). The first tranche of $45 million was released at this time. The second quarterly review covering economic performance during the first quarter of 1966 was completed on July 30, and the release of the second $45 million tranche followed on August 10. Similar reviews for ensuing quarters were completed in late September and January with the third tranche of $30 million being released in October of 1966 and the final $30 million tranche in February of 1967. As in the prior year, Brazil's 1966 negotiations with the IMF for a standby proceeded smoothly.

Loan No. 512-L-064—$100 Million—March 11, 1967

Terms: 40 years—10-year grace period—1% interest on disbursed portion of loan during grace period and 2½% thereafter.

Tranche release dates: July 1967, February 1968, and May 1968.

The negotiation of the 1967 program loan proceeded along the same lines as the two that had preceded it. In February, the Brazilian Government informed the chairman of CIAP of details of its continuing economic development plan and on March 11, 1967, Loan 512-L-064 was signed. On March 15, President Costa e Silva replaced General Castello Branco as President of Brazil and a new Brazilian economic team headed by Finance Minister Delfim Neto took over the direction of Brazil's development program.

The accomplishments of the Castello Branco Government were indeed impressive. They included the reform of public administration, a return to economic stability with the putting of Brazil's financial house in order, and liberalization of trade policy along with a revival of the country's growth dynamism.

The Costa e Silva Administration modified slightly the approach of the Castello Branco Government toward the economic problems of the country. This involved a greater sensitivity toward the level of business activity and a greater willingness to permit some delay in achieving stabilization goals, if necessary, to avoid causing too high a cost in terms of business recession and unemployment. Concurrently, an effort was made to stimulate greater private sector activity and encourage private investment.

The Costa e Silva Government had initial difficulties in applying its new policy and the result was a rapid rise in the Government's cash deficit and an increase of inflationary pressures. It took a period of time for the new Finance Minister to develop a compensating expenditure-containment plan to go along with the stimulation to the private sector required by the new Governmental policy. Thus, there were slippages in the economic performance targets anticipated in the CIAP letter and as these were revealed in periodic joint performance reviews, there were delays in tranche releases.

After the first review of economic performance in April 1967, there were further discussions of Governmental intentions through July when the first $25 million tranche of the 1967 program loan was released at the end of that month. There were no further releases during the balance of 1967 as the Gosta e Silva Government worked out more fully its proposed adjustments in its approach to economic development. The second $25 million tranche was released in February 1968 and the remaining $50 million of the loan was released concurrently with the signing of the new program loan for 1968 which took place in May of that year.

Loan No. 512-L-073—$75 Million—May 23, 1968

Terms: 40 years—10-year grace period—2% interest on the disbursed portion of the loan during the grace period and 2½% thereafter.

Tranche release dates: March 1969 and November 1969.

By late April when the annual CIAP review of economic performance took place, Brazilian authorities had further reconciled their interest in stimulating private sector development with the need to continue firm stabilization policies

in such areas as credit restraint, reduction in governmental expenditures, etc. These intentions were once again spelled out in the May 2 Brazilian letter to the chairman of CIAP and this letter again formed the program basis for which A.I.D. agreed to lend up to $75 million for the dollar costs of commodities and commodity-related services required for the Brazilian program. When Loan 512-L-073 was signed on May 23, 1968, the U.S. concurrently released the last $50 million of the prior year's program loan. Early in December, the U.S. concluded that Brazilian performance under the loan met the agreed criteria and was at the point of authorizing a first release of $50 million when the Brazilian Government promulgated Institutional Act No. 5 suspending many of the traditional democratic freedoms then enjoyed by the Brazilian population.

Concerned about the implications of this action for the continued economic and political stability of the country, the U.S. began an extended examination of the full gamut of its bilateral aid relations with Brazil. This review was not concluded until March 1969, at which time the first tranche of the 1968 program loan was released. Brazil's economic development during 1969 continued at a remarkable pace, given the political difficulties and changes to which the country was subjected. In November of that year, the last $25 million tranche of the 1968 program loan was released after the satisfactory completion of an economic performance review of October 15 of the same year.

At the present time, Brazil is completing a sixth year of almost uninterrupted economic growth. Credit for this phenomenal success lies preponderantly with the Brazilians. Future historians may decide that U.S willingness to provide concessional loans and technical assistance on a sustained basis was also important to the Brazilian accomplishment.

WITH RESPECT TO PROJECT LOANS, SHOW THE TOTAL OF SUCH LOANS, BROKEN DOWN BY YEAR AND BY WHETHER BORROWER WAS FEDERAL GOVERNMENT, FEDERALLY OWNED ENTERPRISE, STATE OR LOCAL GOVERNMENT, OR GOVERNMENT-OWNED ENTERPRISE, OR PRIVATE ENTERPRISE; AND WHETHER DOLLARS OR CRUZEIROS

TOTAL LOANS

Calendar year	Dollars	Cruzeiros	Combined
1956		$14,529,653.32	$14,529,653.32
1959	$227,451.76		227,451.76
1961			
1962	2,982,669.95	24,321,167.19	27,303,837.14
1963	29,029,881.19	20,257,947.96	49,287,829.15
1964	108,619,051 76	87,674,565.34	196,293,617.30
1965	78,845,470.22	51,897,605.74	130,743,075.96
1966	65,600,000.00	3,672,360.94	69,272,360.94
1967	50,317,000.00	2,592,264.36	52,909,264.36
1968	10,700,000.00		10,700,000.00
1969	65,200,000.00		65,200,000.00
1970	15,400,000.00		15,400,000.00
Total	426,921,524.88	204,945,565.05	631,867,089.93

FEDERAL GOVERNMENT

Calendar year	Dollars	Cruzeiros	Combined
1956		$14,529,653.32	$14,529,653.32
1959			
1961			
1962		24,321,167.19	24,321,167.19
1963		18,551,396.91	18,551,396.91
1964	$40,309,043 69	60,553,602.67	100,862,646.36
1965		393,819 47	393,819.47
1966	1,400,000.00	3,672,360.94	5,072,360 94
1967	8,400,000.00		8,400,000.00
1968	10,700,000.00		10,700,000.00
1969	37,800,000 00		37,800,000.00
1970	15,400,000.00		15,400,000.00
Total	144,009,043.69	122,022,000.50	236,031,044.19

FEDERALLY OWNED ENTERPRISES

Calendar year	Dollars	Cruzeiros	Combined
1956			
1959			
1961			
1962			
1963			
1964	$748,764.75		$748,764.75
1965	1,960,000.00		1,960,000.00
1966	13,175,000.00		13,175,000.00
1967	41,917,000.00		41,917,000.00
1968			
1969			
1970			
Total	57,800,764.75		57,800,764.75

STATE GOVERNMENTS

Calendar year	Dollars	Cruzeiros	Combined
1956			
1959			
1961			
1962			
1963		$1,706,551.05	$1,706,551.05
1964	$15,900,000	19,690,973.65	35,590,973.65
1965	12,900,000	26,254,635.54	39,154,635.54
1966	20,000,000		20,000,000.00
1967			
1968			
1969			
1970			
Total	48,800,000	47,652,160.24	96,452,160.24

STATE-OWNED ENTERPRISES

Calendar year	Dollars	Cruzeiros	Combined
1956			
1959			
1961			
1962	$2,982,669.95		$2,982,669.95
1963	7,614,879.49		7,614,879.49
1964	4,293,561.00		4,293,561.00
1965	11,400,000.00	$23,953,675.56	35,353,675.56
1966			
1967			
1968			
1969			
1970			
Total	26,291,110.44	23,953,675.56	50,244,786.00

PRIVATE ENTERPRISES

Calendar year	Dollars	Cruzeiros	Combined
1956			
1959	$227,451.76		$227,451.76
1961			
1962			
1963	21,415,001.70		21,415,001.70
1964	12,192,682.32	$7,429,989.22	19,622,671.54
1965	41,097,343.68	1,295,474.17	42,392,818.85
1966	14,800,000.00		14,800,000.00
1967		2,592,264.36	2,592,264.36
1968			
1969			
1970			
Total	89,732,479.46	11,317,782.75	101,050,203.21

PRIVATE AND GOVERNMENTAL OWNERSHIP (MIXED)

Calendar year	Dollars	Cruzeiros	Combined
1956			
1959			
1961			
1962			
1963			
1964	$35,175,000.00		$35,175,000.00
1965	11,488,126.54		11,488,126.54
1966	16,225,000.00		16,225,000.00
1967			
1968			
1969	27,400,000.00		27,400,000.00
1970			
Total	90,288,126.54		90,288,126.54

The range of interest rates and maturities for each type of borrower follows:

Federal Government
- Dollar Loans—¾%–2½%—40 years.
- Cruzeiro Loans—¾%–4%—30–40 years.

Federally Owned Enterprises
- Dollar Loans—1%–6%—5–40 years.[1]

State Government
- Dollar Loans—¾%–3½%—18–40 years.[1]
- Cruzeiro Loans—¾%–5½%—20–40 years.

State-Owned Enterprises
- Dollar Loans—3%–5¾%—10–40 years.
- Cruzeiro Loans—¾%–2%—40 years.

Private Enterprises
- Dollar Loans—¾%–8%—7–40 years.[2]
- Cruzeiro Loans—¾%–5½%—20–40 years.

Mixed Enterprises
- Dollar Loans—3½%–6%—7–25 years.[1]

Describe in detail the current and proposed (i.e. fiscal year 1970 and 1971) sector loans to Brazil.

Authorized in 1970:

1. Urban sanitation loan

Amount: $25 million.

Borrower and executing agency: National Housing Bank (BNH).

Authorized: May 15, 1970.

Signed: April 2, 1971.

Terms: 40 years including a 10 year grace period with interest at 2% during the grace period and 3% thereafter.

[1] Includes loans where two-step procedure applies under which GOB assumes repayment obligation to U.S. under most lenient terms permissible by AID legislation in effect at the time loan was authorized.

[2] Includes loans made to GOB banking system for exclusive use of private sector.

a. Background: Gastro-enteric diseases are the major communicable diseases affecting Brazil's population, and produce one of the highest death rates in the world among children under five years. The Government of Brazil (GOB) recognizes that only through the continuous extension of water and sewerage service to an ever-increasing proportion of the population can the death and illness toll of gastro-enteric diseases be sharply diminished. Health education, diagnosis and treatment activities are also required to fully combat the incidence and transmission of gastro-enteric diseases; however, the provision of safe sanitation is a basic precondition necessary to the effective control of these diseases

As a follow-up of a technical assistance program which extended over more than 25 years, AID authorized a PL-480 loan in 1965 and a $15.4 million loan in 1968 which resulted in the acceptance by the Brazilian Government of a "Loan Fund" concept (to replace a paternalistic and ineffective grant program) as the model for water and sewerage financing. Within this approach and with a large commitment of national resources ($300 million for a ten year period), the GOB is providing municipalities with long term loans for constructing financially self-supporting water supply facilities.

b. Purpose Due to a shortage of resources, urban centers in the Northeast and in other poorer states of Brazil are unable to meet the minimum financing contribution required by the BNH's Sanitation Finance System (SFS) (BNH 37½%, States 37½%, Municipalities 25%); this is especially true for sewerage system financing because of the prior debts assumed by many municipal water authorities in obtaining financing for water systems. This situation adversely affects the demand for available BNH funds, and prejudices the execution of Brazil's national water sewerage program in the poorer states.

The BNH is providing some special assistance to such municipalities for sanitation system financing (in the form of short term construction financing), but cannot provide concessional assistance over its normal 37½% contribution without diverting its resources from the municipalities which can meet the 25% contribution required by the SFS. At the request of the BNH, AID authorized the loan to provide special financing assistance to these poorer municipalities.

c. Description of Program AID funds loaned to the BNH will be repassed at concessional terms (5 to 8%, 10 to 20 years) to poorer states and municipalities to cover their investment short-falls. Criteria to determine the eligibility of municipalities and states for additional assistance were developed to ensure that the most needy received most favorable subloan terms. On the basis of these criteria, the BNH identified over 100 municipalities, including the capital cities of seven Northeast states, with sewerage projects whose costs total about $200 million as potentially eligible for financing over the next three years under this type of program. However, to keep the program within manageable limits, the BNH and USAID agreed on a $100 million portion of the three year program which will provide financing to eligible sewerage projects on a first come, first served basis, with preference given to the seven Northeast capital cities.[1] The Financial plan for the AID-assisted sanitation program is as follows:

[In millions of U.S. dollars]

Funding source	Amount	Percent contribution
BNH	37.5	37½
AID loan	25.0	25
Statewater funds and municipal	37.5	37½
Total	100.0	100

Up to $250,000 may be used by the BNH to provide technical assistance and training to municipalities in water and sewerage system management and administration.

AID funds will be used to finance local costs incurred in construction of sewerage systems. Costs of engineering supervision, construction services and materials will all be reimbursable to the BNH by AID. No imports are seen necessary for this project since materials needed are manufactured in Brazil.

[1] Capital cities: São Luiz, Teresina, João Pessoa, Recife, Fortaleza, Aracaju, and Salvador.

The financial participation of AID in the share of state and municipal financing for any one project will vary depending on BNH assessment of needs. In the first instance the BNH will disburse the amounts chargeable to the AID loan using its own funds, then USAID will reimburse the BNH from the loan on a monthly basis.

2. *Education Sector Loan II*

Amount: $50 million.

Executing agency: Ministry of Education and Culture (MEC).

Authorized: June 29, 1970.

Terms: 40 years including a 10-year period with interest at 2% during the grace period and 3% thereafter.

a. Background: The Brazilian analysis of its primary-secondary system, as reflected in the recently published priority plan for education (1970–73) describes a system which is in serious need of improvement if it is to provide the trained middle level manpower and well prepared candidates for continued education needed for Brazil's social and economic development. The plan points to a need for greatly expanded enrollments, for improved teacher and staff preparation, for new and more realistic curricula, for improved flow of students through the system (high failure, repetition and drop-out rates exist), and for improved management and administrative efficiency.

These deficienies continue to exist despite prior and present efforts of the GOB. The Government program has resulted in a rapid growth of enrollment at all levels, but enrollments are still very low when compared with the appropriate age group. Public expenditures in education have increased at an average annual rate of 11.2% since 1961, and education expenditures now represent approximately 8% of the federal budget and 3% of the GNP. Improvement of the education system has become a priority of the GOB which has demonstrated its serious intent by supplying not only greatly increased financial resources to education, but also by appointment of highly competent individuals to key posts in the Ministry of Education and Culture.

In recognition of these needs and of the seriousness of purpose with which the GOB addressed this sector, USAID, in 1968 authorized a $32 million loan (matched by an equal GOB contribution) to assist the Ministry of Education and Culture to expand and improve the ginásio level program in four states which had developed sound multi-year plans for this purpose. To permit more states to participate in this education improvement program and, in support of growing Brazilian experience and competency, to assist in establishing a broader scope of reform activity, USAID, in 1970 and at the request of the GOB, authorized this second loan.

b. Objectives: The primary purpose of the loan is to support a comprehensive program of qualitative and quantitative improvement in primary-secondary education while concomitantly strengthening the capacities of the Ministry of Education and Culture and the State Secretariats of Education to plan and administer broad-scale improvement programs. In support of this purpose the loan provides adequate technical assistance and also supports the development, at the federal level, of a new and well conceived financing mechanism which will provide financing to states which present viable improvement programs based on a thorough analysis of their education needs and goals.

More specifically, the program seeks to:

(1) Improve the management and increase the efficiency of the primary-secondary system.

(2) Improve the quality of primary and secondary education and make it more relevant in terms of Brazilian social and economic development requirements.

(3) Expand the primary-secondary system to enable the GOB to provide such education to a larger proportion of the appropriate age group.

c. Program Description: The Ministry of Education and Culture (MEC) will allocate (by loans and grants) financial and technical assistance to participating states. Each participating state, as a condition for assistance, will analyze fully its assets and deficiencies in the educational sector and set forth with specificity a four-year plan of financial investment.

The State Plan will be submitted to MEC which will evaluate such plans in accord with guidelines agreed upon by A.I.D. and MEC. Each State Plan approved will be financed pursuant to terms set forth in a MEC/State agreement which will include policy, program and budget commitments necessary to the

attainment of program goals. While the state investment program will be multi-year, financial commitments in support of these programs will be limited to one year. Future year financing will be subject to the performance of the State in executing the MEC/State Investment Program and fulfilling its commitments.

Since qualitative improvement is an essential goal of this program, each state plan will encompass projects directed at six special programs, in addition to addressing quantitative system needs. These are: educational innovation and research, modernization of curriculum and methods, development of a management information system, provision of adequate instructional materials for students and teachers, teacher and staff training programs, development of improved school design and equipment guidelines. Thus in each state, the program will result in additional students enrolling in new or remodelled facilities, following a modernized curriculum, using adequate materials and taught by well prepared teachers.

Thus the major financial components of state investment programs will be: (1) the construction, renovation and equipping of education facilities, (2) teacher and staff training, (3) the provision of textbook and other instructional materials, and (4) technical assistance and staff support to specified state agencies responsible for the development of fundamental and secondary education.

Although the number of states to be assisted by this Program will not be determined in advance, assistance will be limited to 8 states or less. In addition, MEC may approve the participation of additional states in limited portions of the program, such as in one of the six special programs directed at qualitative improvement.

AID funds will be utilized to finance local currency costs of the program and dollar costs for U.S. technical assistance and for the training of educators and education administrators in the U.S. Dollars utilized for local costs will be converted to cruzeiros, as needed for the program. These cruzeiros will be repassed to the participating states to pay contractors, suppliers of textbooks and materials of technicians which provide goods and services for the investment programs.

Authorized in 1971:

1. Rural Road Construction Program

Amount: $25 million.

Borrower and executing agency: Brazilian National Economic Development Bank (BNDE).

Authorized: February 26, 1971.

Terms: 15 years including a 5-year grace period, with interest at 2% during the grace period and 3% thereafter, to be paid to the Government of Brazil (GOB) which will repay AID over 40 years including a 10-year grace period with interest at 2% during the grace period and 3% thereafter.

a. Background: In Brazil agricultural production increases have historically been accomplished by placing additional land in production. However, due to the fact that the new lands are distant from the market, further gains in production can be most economically achieved through more productive use of land within the zone of influence of the existing transportation system. A serious limiting factor in attaining this objective is the inadequate road system which exists in areas of agricultural potential. Such rural roads as exist in many such areas are mostly unimproved earth roads, usually passable only during the dry season.

b. Objectives: The purpose of the loan is to assist the GOB in the further development and institutionalization of national rural road financing program, responsive to state and local government initiative and needs, and to facilitate a closer coordination of federal and state transport planning by requiring states and municipalities to utilize economic and engineering criteria similar to those used in national transport planning.

From an economic point of view, the purpose is to reduce the transportation costs and improve transportation reliability to distant farmers in selected agricultural areas, thereby stimulating increased production and providing lower priced inputs necessary to increased productivity.

c. Description of the Program: The loan will finance a three-year program to assist state and local government agencies in financing the construction and improvement of rural agricultural roads. The resources provided under the $25 million AID loan combined with contribution of the BNDE will be loaned to state and municipal agencies to finance (1) the construction of all-weather, two-lane, secondary roads linking agricultural communities to federal and state primary highway networks; (2) the improvement of existing earth roads which perform

the same function to all-weather status and, (3) the construction of economically viable "penetration" roads into areas of high agricultural potential.

AID and BNDE resources totalling US$50 million, will be used to finance 60% of the total project costs, the remaining 40%, totalling $33 million, will be financed by the sub-borrowers. It is anticipated that under the $83 million Rural Road Construction Program approximately 5000 miles of all-weather rural access roads will be constructed or improved throughout Brazil.

The GOB and AID loan funds will be made available by the federal government executing agency, the National Economic Development Bank (BNDE), to the state and local government agencies on the basis of submitted project proposals meeting eligible criteria mutually agreed upon by the BNDE and USAID. The eligibility criteria for the subloan program will encompass: (1) the technical standards to be followed by the sub-borrowers for the construction and improvement of the loan financed roads, (2) the financial requirements of the subloan program and (3) the economic methodologies to be used by the sub-borrowers (or their consultants) in analyzing and selecting rural road projects for financing under the program. The National Highway Department (DNER) will assist the BNDE in reviewing the project proposals to assure consistency with DNER engineering standards and specifications and with national transportation plans. The BNDE will evaluate the economic, financial and technical feasibility of the projects and approve financing for the individual projects. Each project approved under the Rural Road Construction Program will be supported by economic and technical studies prepared in accordance with the criteria and guidelines established by the BNDE and AID. For approved projects, the sub-borrowers will finance 40% of the total project costs, the remaining 60% will be financed equally by the BNDE and AID. AID dollars will be converted into cruzeiros and will be disbursed monthly (on a pari-passu basis with BNDE funds) against evidence of work done by contractors in constructing rural roads.

2. Northeast Agriculture Marketing:

Amount: $15 million.

Borrower and executing agent: Brazilian National Economic Development Bank (BNDE).

Authorized: February 26, 1971.

Terms: 20 years including a 5 year grace period, with interest at 2% during the grace period and 3% thereafter, to be paid to the Government of Brazil (GOB) which will repay A.I.D. over 40 years, including a ten year grace period with interest at 2% during the grace period and 3% thereafter.

a. Background: Except for isolated areas, such as São Paulo, the existing food distribution system in Brazil is largely antiquated and inefficient. Most farm production in the North and Northeast is carried to collection centers manually or on pack mules and sold to intermediaries who generally sell to truckers for shipment to urban centers. Practically all of perishable produce entering the urban centers pass through old public wholesale market facilities, where spoilage losses are high, vehicular and human traffic is congested, operating scale is small and health conditions are sub-standard.

While modernization is needed at all levels of the distribution channel, the most urgent bottleneck is poor wholesale facilities for perishable products. For that reason the GOB is responding to requests of many state and municipal governments to provide assistance for the construction of modern facilities.

b. Objectives: The objective of the loan is to provide financial and technical assistance to the GOB in creating a well structured, and efficiently managed agricultural marketing system to improve the marketing and distribution of food in the North and Northeast.

c. Description: The AID loan will assist in financing a portion, i.e., the North and Northeast, of the GOB's national program of constructing, equipping and operating wholesale and wholesale/retail food markets in the urban centers and produce assembly markets in major interior food collection points. The total cost of the program is $40 million; AID will finance $14 million, the BNDE $14 million, and the states $12 million. $1 million of the $15 million loan will be used by the Ministry of Agriculture for training and technical assistance.

Ten wholesale and wholesale/retail markets will be built in the larger urban centers, and nine rural produce assembly markets will be constructed in interior cities. Part of the operating system of the markets includes a market/price news service and a produce classification and grading program. Technical assistance financing will be provided for training and equipment for these activities, as well as for guidance and training in the creation, organization and management of

wholesale food market operations, wholesale/retail food marketing, and rural/urban marketing integration.

The BNDE will make subloans to mixed economy companies which will construct, own and operate the markets, and to the Brazilian Food Supply Company (COBAL) which will make an equity investment in the operating companies.

3. Electric Power Training and Technical Assistance

Amount: $2.5 million.

Borrower and executing agency: ELETROBRAS.

Authorized: March 12, 1971.

Terms: 20 years, including a 5 year grace period, at 6% interest, to be paid to the Government of Brazil (GOB), which will repay AID over 40 years, including a 10 year grace period, at 2% interest during the grace period and 3% thereafter.

a. Background: The Brazilian Government has assigned priority to the power sector to make up previous deficiencies in power supply and to meet the continuing and expanding demands of the economy for electric energy. The GOB plans to invest Cr$14 billion (approximately $2.8 billion) between 1969–1973 to satisfy this demand. In order to carry out this large program and manage the enlarged system, Brazil needs to utilize the latest technology and managerial methods. The program covered by this loan is designed to supply these methods and to build in Brazil the institutions capable of continuing participation in this transfer of technology.

b. Purpose:

(1) To develop the capabilities of Brazilian universities to provide graduate-level training in power system engineering and electric utility management; and

(2) To provide for the transfer of US technology and managerial expertise to the Brazilian power industry in specialized areas of management, engineering, and operations.

c. Description:

The loan will finance:

Sixteen man-years of services by U.S. engineering professors who will assist in establishing graduate engineering programs at two Brazilian universities.

Two man-years of services by a U.S. professor to establish an electric utility management course in a Brazilian university.

Short-term training in U.S. utilities of 210 Brazilian engineers (average training period of 3 months).

Eighteen man-years, over a 3-year period, of the services of U.S. power engineers and technicians to assist Brazilian power companies in improving power company operations.

Proposed Loans (for fiscal year 1971 or fiscal year 1972)

1. Capital Market Development

Amount: $15 million.

Executing agency: Central Bank, National Development Bank (BNDE) and National Savings Bank (Caixa Econômica).

a. Background: Industrial growth and development depends to a large extent on the availability of industrial financing on reasonable terms. In Brazil, the problem of providing sufficient reliable financing, especially long-term financing has been a constant concern since the beginning of the Alliance for Progress. In the early phase of our assistance in this area, the GOB and AID followed the approach of repassing official funds and AID loans through a system of intermediate credit institutions. These funds were primarily channelled through Brazil's National Development Bank (BNDE) and the Bank of Brazil (BOB) and repassed through regional development banks and the commercial banking system to support industry's working capital and expansion needs. This assistance had little effect on the development of the local capital markets, and on the generation of local savings. To the extent intermediate credit was not sufficient, Brazilian industry was forced, particularly during the pre-1964 inflationary period, to rely on expensive short term credit and on retained earnings to finance its expansion plans. In more recent years, with inflation having been gradually reduced, conditions have become more favorable for the creation of a capital market capable of attending to the financing needs of Brazilian industry.

b. Objective: The objective of the program is to accelerate the development of Brazil's capital market, so as to enable it to perform its function of providing

long-term equity and debt financing to Brazilian industry. Specifically, the program is expected to:

(1) channel private savings into industrial financing by encouraging the public to purchase existing and newly introduced long-term corporate financing instruments.

(2) strengthen the institutional framework of Brazil's capital markets, particularly the financial intermediaries charged with the underwriting function.

(3) encourage existing, as well as new industrial firms, to resort to the capital markets to meet their long term financial needs, thereby broadening the base of the existing market, and increasing the extent of public ownership of such firms.

c. Description: A $50 million rotating Capital Market Development Fund (FUMCAP) will be established within the Central Bank, to be repassed by the National Development Bank (BNDE) and the National Savings Bank (Caixa Economica) to qualified underwriters. FUMCAP will be capitalized by the AID loan ($12.5 million), a World Bank loan now under negotiation ($12.5), and a matching contribution of $25 million from the GOB. In addition, the AID loan will include $2.5 million of technical assistance to Brazilian institutions involved in training and research for the capital markets, including the Central Bank division charged with regulation of this field.

FUMCAP will be managed by a high level tripartite committee, with representatives of the Central Bank, BNDE and Caixa Economica, which will provide overall policy direction and periodic review of its operations. FUMCAP funds will be administered by the BNDE and Caixa Ecnomica which will repass the funds to qualified underwriters. The latter will utilize the credits to finance underwritings of industrial shares (preferred and common stock) or debentures (bonds or convertible debentures). Lines of credit to the investment banks will not exceed 70% of the value of an issue, with the underwriter supplying a minimum of 10% from its own resources and financing or arranging to finance the remaining 20% of the issue. These credits will enable the underwriters to finance the placement of corporate instruments in the market, and at the same time make a firm and reasonable offer to the issuing corporation for its securities. A manual containing special regulations on disclosure, distribution and trading will be issued which will apply to corporations and underwriters utilizing FUMCAP.

2. Supervised Agricultural Credit in the Northeast

Amount: $25 million.

Executing agency: The Development Bank of the Northeast (BNB).

a. Background: While the ratio of agricultural credit to gross agricultural product (GAP) is low in comparison to more developed countries, geographic regions in Brazil have historically received a share of agricultural credit roughly equivalent to their contribution to gross agricultural product. In 1969, however, the Northeast GAP was approximately 25% of the nation's total, yet this region's share of agricultural credit was only 14%. While agricultural credit is inadequate in all of Brazil, the shortage is more severe in the Northeast. The major reasons for this disparity are the lower return per unit of credit in the Northeast, and the limited technical capacity of the Northeastern farm population to economically absorb credit. Both of these factors emphasize the need for a stronger supervised credit system. Given the fact that the Government has given emphasis to agriculture and is allocating additional resources for agricultural credit in the Northeast, conditions are appropriate for A.I.D. assistance.

b. Objectives: To increase the flow of credit to Northeastern agriculture and at the same time strengthen the supervised credit system through providing a linkage between credit and extension services; and through integrating the extension service with research activity. The ultimate objective will be to increase productivity with resulting real income increases to both Northeast farmers and consumers.

c. Description: Loan funds will be repassed through the BNB's 68 branches to farmers which are commercial or have the potential of becoming commercial farmers. Approval of loans will be conditioned upon approval of farm plans by the State extension agents, who will provide applicants with technical advice in selecting commodities, and in the selection and application of farm inputs.

To increase extension agent coverage, 2% of loan charges will be paid to the State extension services to assist them in covering the cost of hiring and training additional agents.

To provide a concentration of effort, the program will be limited to 35 selected regions which are characterized by agricultural potential and access to markets and farm inputs.

The emphasis of the financing will be for labor intensive technology of seeds, fertilizers, pesticides, and on-farm storage.

The interest rate will be subsidized by the Government of Brazil. In real terms, the interest rate will be zero or perhaps slightly negative.

In requesting the loan the Minister of Planning stated that the Government plans to allocate in excess of an additional $100 million in cruzeiro equivalent to agricultural credit in the Northeast over the next four years. The BNB stated that it would allocate an additional amount of credit equal to our loan during the three year disbursement period of the loan.

3. Small and Medium Industry in the Northeast

Amount: $10 million.

Executing agencies: The Development Bank of the Northeast (BNB) and the Superintendency for the Development of the Northeast (SUDENE).

a. Background: In 1961, recognizing the relative backwardness of the Northeast, the Government of Brazil embarked on an aggressive industrial development program for the area. A Superintendency for the Development of the Northeast (SUDENE) was created to organize this regional industrial initiative through an innovative tax incentive scheme which allows Brazilian corporations to receive a tax credit for investments in Northeast industry. Since then most of the publicity in connection with SUDENE has focussed on the over 750 large scale industrial projects that have brought over $1 billion of investment to the region. More recently, however, the government has begun to recognize the potential contribution of the small and medium industry (SMI) sector to the overall industrial development effort. Recent studies have indicated that the SMI sector contributed approximately 35 percent of the regional industrial product and accounted for 38 percent of regional industrial employment in 1969. Furthermore, the capital to labor ratio for small industry in the Northeast is less than one-third of the ratio for large scale industry; a critical consideration in a region where the number of persons added to the work force each year far exceeds available new jobs.

b. Objective: Given the present importance and future potential of the SMI sector in the Northeast, the purpose of this $10 million loan is to increase the contribution of this sector to the overall development of the region, by improving the level of management and technology employed in the sector and by making available medium term credit.

c. Description: The two principal agents of the program will be the BNB—the regional development bank chartered in 1954 and today the fourth largest bank in Brazil—and the Small Industry Section of SUDENE working through its Industrial Assistance Nuclei (NAI) in each of the ten Northeast states. These two organizations worked together in an original SMI program begun in 1967 but discontinued in 1969 due to a shortage of funds. The original program resulted in credits totalling approximately $10.8 million under 459 separate contracts. The new program, proposed to A.I.D. by the President of the BNB and strongly encouraged by SUDENE, would provide $28 million in credits, technical assistance, and budget support. The financial portion of the program, totalling $24 million with A.I.D. loaning $9.5 million and the BNB and other Brazilian government agencies providing $14.5 million, would be administered by the BNB with the individual state development banks operating as financial agents and reviewing and approving the loan applications from small and medium sized industries. Loans ranging from $15,000 or less to a ceiling of $100,000 would be considered and all loans would require a detailed proposal and in some cases a diagnostic and feasibility study. Technical assistance, administered through the NAIs, in each state, would be available to local entrepreneurs in preparing such proposals and studies. A total of $1 million ($500,000 from A.I.D. and $500,000 from the BNB) of technical assistance under the program will finance research in the SMI sector in the region and provide training for the BNB and NAI administrators of the program. An additional $3.0 million would be provided the NAIs, for budgetary support; this portion of the program would be contributed by SUDENE ($2.0 million) and the individual states ($1.0 million). The $10 million A.I.D. loan would, consequently, stimulate a $28 million regional effort in SMI sector.

4. Graduate and Teacher Education Loan

Amount: $20 Million.

Executing Agency: Ministry of Education and Culture (MEC)

a. Background: Recognizing serious deficiencies in the system of higher education, including graduate education, the Brazilian government, in 1968 appointed a commission to prepare a University Reform Plan. This action was based on many generally recognized problems: 1) enrollment was very limited and consequently few graduates were produced in proportion to need, 2) the quality of instruction was in need of improvement, 3) improvements in administration and organization were needed, 4) the system needed to build within itself its own regenerative capacity for producing the essential leadership for improving the total education system, 5) the university needed to become more directly related to the process of social and economic development being sought for the country, 6) the quantity of well prepared teaching and administrative staff needed to be greatly increased.

Most recommendations made by the commission have since become law and are in the process of being implemented. Among the required reforms are: reorganization of university administration along more modern lines; reorganization of the teaching staff including the establishment of a standard rank structure; provisions for upgrading teaching staffs by requiring new faculty to obtain advanced (graduate) training; provision for more adequate salaries for professional personnel including incentives for full-time work. In addition the government has sought to ensure more direct involvement of the university in meeting local, state and national needs related to social and economic development.

As part of the sectoral plan (1970–73) the Ministry of Education and Culture has established a priority project which provides for the establishment of new graduate programs. The principal purpose establishing such programs is to improve the preparation of teaching personnel for higher education and thereby to assure the continuation of the university reform movement. By improving university course offerings the program will also improve the teaching preparation provided for personnel for secondary education and for the teachers of the normal schools who prepare elementary level teachers.

A recent decree has established 5 Regional Centers for the development of graduate education to coordinate and promote the development of graduate programs in fields considered priority for national development. USAID has been requested by the GOB to assist in this development and has begun discussions leading toward a jointly agreed upon loan program.

b. Objective: The objective of the proposed loan is to support the strengthening of graduate level education in Brazil in accordance with the Priority Plan for Education (1970–73) developed by the GOB. The program is expected to expand and improve graduate level education in the fields considered priority for national development. More specifically the loan program will be directed at:

(1) Strengthening education at graduate centers to increase the ability of these centers to regenerate teaching staff for the university system.

(2) Improving the quality of existing university staff and, concomitantly, increasing the annual production of well qualified university professors thereby strengthening the total university system.

(3) Improving the qualitative and quantitative output of professionals for public and private services

(4) Stimulating research within Brazil.

c. Description: USAID loan funds, matched by an equal amount of GOB funds, would provide financing for:

(1) Scholarships to be made available to university teaching and administrative staff and to other key persons in the Brazilian educational system for advanced study in the U.S. or third countries leading to advanced degrees or for post-doctoral work in education and other fields determined to be of priority for the development of Brazil.

(2) Technical assistance to be provided to the developing graduate centers to fill teaching positions in priority fields and to provide technical assistance in the development of graduate programs and courses, designing and organizing the use of specialized laboratories; and developing instructional materials relevant to the Brazilian context.

(3) Materials and equipment needed for developing programs of advanced study and to provide facilities for advanced study and research. This would

include books, periodicals, and similar materials for libraries at the graduate centers. It would also include essential laboratory equipment.

It is expected that the primary administrative responsibility for the program will be assigned to the Department of University Affairs of MEC. This Department, assisted by the Advisory Committee on Regional Graduate Centers, is expected to determine the basic policies to be followed, the specific program areas to be assisted and the procedures to be followed by the universities in applying for assistance.

Describe the A.I.D. participant training program and show numbers of participants, by fields and training institutions. How has this changed over the last 10 years?

Brazil's training program for a number of years has been A.I.D.'s largest.

The program is composed of several basic elements: long and short-term academic training, in-service (or intern-like) programs, groups and individual visits for observation and orientation, plus some combinations of the basic programs. Training is given to public officials from federal, regional, state and municipal public agencies, and to persons from the private sector when their work is related to the government-to-government program of A.I.D. in Brazil. In principle, trainees are brought to the U.S. after they have experienced the most senior level appropriate training available in Brazil.

In recent years, 92% of the training has been given to Brazilians here in the United States and in combination with third countries in the hemisphere; 8% of the Brazilian participants have received training exclusively in countries other than the United States.

Most participants are chosen from agencies or organs of government where there now are or have been A.I.D.-related programs. Participants are usually chosen because of their leadership role at the time of their training. Some emphasis, also, has been given to younger potential leaders where building a sympathetic knowledge and understanding of U.S. methods and goals along with technical competence is considered beneficial to Brazil and to the United States.

Short-term programs can accommodate people who do not speak or understand English. Such programs, requiring translation services provided by A.I.D., are almost always group programs. Academic programs require a competence in English.

A.I.D. costs are the dollar costs of training programs. Most international and all travel within Brazil related to the participants' program is financed by the Government of Brazil. Salaries of public officials are continued as a Brazilian Government expense during the period of training.

Assurance of the future utilization of trainees following their return to Brazil is received on all participants as a part of their documentation. The Brazilian governments at every level have been particularly faithful to such promised utilization of returned trainees.

The roster of returned participants in Brazil includes Ministers of State, several ministerial level advisors plus a great number of regional, state and municipal leaders including not less than five of the current governors and more than three dozen mayors of larger municipalities.

The A.I.D. Office of International Training (OIT) utilizes more than 400 institutions in over a dozen technical fields here in the United States. Those institutions or agencies include elements of our federal, state and local governments; universities, business and civic groups, plus more than 4,000 groups and agencies in most of the states of our nation which cooperate voluntarily with the basic 400-plus institutions. A computerized print-out of Brazilian participants at the end of February, 1971 shows 99 institutions offering training.

The Brazil training program, both in numbers of participants and as a share of the Latin America regional program, has increased in the past ten years. In 1961, Brazil's 340 participants were 18% of the regional total of 1,880. In 1970, the 972 Brazilians were 33% of the 2,924 participants trained from all Latin American countries. A total of 6,120 were trained in the decade

There has been a generalized consistency in focus on four areas of training in the past ten years: Food and Agriculture, Education, Labor, and Public Administration. For the ten-year period, the total percentage of these four sectors was 65%.

In the last two years, education has become the major category; in 1970, 30% of the participants were in that sector.

Significant recent changes include: (1) creation of a special fund to train potential leaders not related to a specific AID project; (2) elimination of training at the undergraduate level with increased emphasis on graduate training in education, agriculture, economics, etc., (3) increased proportion of participants financed by loans instead of grants.

In FY 1972, the Brazil participant program is planned at a level of 609 participants with emphasis on the four basic sectors of food and agriculture, education, labor and public administration at a cost of $2.9 million; 28% of the A.I.D. program budgeted for FY 1972.

Table 1

BRAZIL PARTICIPANT TRAINING PROGRAM AS A PERCENT OF LATIN AMERICA PROGRAM

	LATIN AMERICA TOTAL	BRAZIL	BRAZIL AS A % OF REGION
1961	1880	340	18
1962	1975	240	12
1963	2733	295	11
1964	2802	428	15
1965	3137	605	19
1966	2825	640	23
1967	3566	918	26
1968	3001	815	27
1969	2809	867	31
1970	2924	972	33

Table 2

COMPARISON OF TEN LARGEST PARTICIPANT TRAINING PROGRAMS IN LATIN AMERICA SHOWING NUMBER OF PARTICIPANTS AND PERCENTAGE OF TOTAL NUMBER OF PARTICIPANTS FOR LATIN AMERICA REGION DURING A FIVE YEAR PERIOD

Line	Country	Number of Participants	1969	1968	1967	1966	1965
1	Brazil	3845	31	27	26	23	19
2	Colombia	990	11	8	4	5	6
3	Venezuela	962	3	5	5	8	9
4	Peru	812	5	8	4	4	5
5	Guatemala	780	6	5	4	4	6
6	Argentina	731	3	4	4	7	6
7	Bolivia	460	3	5	2	2	2
8	Chile	448	3	3	2	2	3
9	Equador	427	3	3	2	2	4
10	Costa Rica	412	3	3	2	3	3
	Sub-total Lines 2 - 10	6022	40	42	29	37	38

Table 3

ARRIVALS OF PARTICIPANTS FROM BRAZIL TO THE UNITED STATES AND IN COUNTRIES OTHER THAN THE U.S. BY FISCAL YEARS

	Total	Food & Agric	Indus & Mining	Trans-port	Labor	Health & Sanit	Educ	Public Safety	Public Admin	Comm Devel & Housing	Atomic Energy	Gener & Misc.
1961	310	82	12	22	75	37	30	6	50	26	3	17
1962	210	58	6	5	51	30	39	26	17	-	5	3
1963	295	97	16	9	53	11	43	17	20	15	2	12
1964	428	59	72	68	44	43	43	53	64	7	2	13
1965	605	155	17	57	60	74	58	62	17	1	2	102
1966	610	189	36	24	40	52	127	67	25	14	1	66
1967	918	230	28	42	199	62	103	75	97	29	2	51
1968	815	197	30	31	153	58	112	67	90	35	5	57
1969	867	162	27	24	151	61	179	82	93	47	3	38
1970	972	120	37	6	157	27	286	94	135	46	1	63
TOTAL	6120	1329	262	278	983	424	1020	519	608	220	26	422

Table 4

NUMBER OF PARTICIPANTS FROM BRAZIL BY AREA OF STUDY - SHOWN IN PERCENTAGES
(fiscal years)

	Total	Food & Agric	Indus & Mining	Trans-port	Labor	Health & Sanit	Educ	Public Safety	Public Admin	Comm Devel & Housing	Atomic Energy	Gener & Misc.
1961	310	18	4	6	22	11	9	2	[illegible]	8	1	5
1962	210	24	3	2	21	13	16	11	[illegible]	-	2	1
1963	295	33	5	3	18	4	15	6	7	5	1	4
1964	428	14	17	11	10	3	10	12	15	2	-	3
1965	605	26	3	9	10	12	10	10	3	-	-	17
1966	610	30	6	4	6	8	20	10	4	2	-	10
1967	918	25	3	5	22	7	11	8	11	3	-	6
1968	815	24	1	4	19	7	14	8	11	4	1	6
1969	867	19	3	3	17	7	21	9	11	5	-	4
1970	972	12	4	1	16	3	29	10	14	5	-	6
TOTAL	6120	22	4	5	16	7	17	9	20	4	-	7

Table 5

ARRIVALS OF PARTICIPANTS FROM BRAZIL TO THE UNITED STATES BY FISCAL-YEARS, NON-CONTRACT AND CONTRACT

	Total	Food & Agric	Indus & Mining	Trans-port	Labor	Health & Sanit	Educ	Public Safety	Public Admin	Commun Devel & Housing	Atomic Energy	Gener & Misc.
1961	319	53	32	22	75	37	27	6	50	26	3	8
1962	223	47	6	5	51	27	56	26	17	-	5	3
1963	291	95	16	9	53	11	41	17	20	15	2	12
1964	410	50	72	58	11	13	42	53	64	7	2	5
1965	581	116	17	57	60	74	51	62	17	1	2	91
1966	603	173	36	24	40	48	124	67	14	12	1	64
1967	864	207	26	42	195	60	102	75	95	29	2	31
1968	728	192	10	31	116	56	105	67	84	11	5	51
1969	732	143	24	24	107	54	130	82	60	47	3	38
1970	879	110	37	6	151	22	231	94	118	16	1	63
TOTAL	5630	1216	256	278	892	402	892	549	559	194	26	366

Table 6

ARRIVAL OF PARTICIPANTS FOR TRAINING EXCLUSIVELY IN COUNTRIES OTHER THAN THE U.S. BY FISCAL YEARS

	Total	Food & Agric	Indus & Mining	Trans-port	Labor	Health & Sanit	Educ	Public Safety	Public Admin	Commun Devel & Housing	Atomic Energy	Gener & Misc.
1961	21	9	-	-	-	-	3	-	-	-	-	9
1962	17	11	-	-	-	3	3	-	-	-	-	-
1963	4	2	-	-	-	-	2	-	-	-	-	-
1964	18	9	-	-	-	-	1	-	-	-	-	8
1965	24	9	-	-	-	-	4	-	-	-	-	11
1966	37	16	-	-	-	3	3	-	11	2	-	2
1967	54	23	2	-	4	2	1	-	2	-	-	20
1968	87	5	-	-	37	2	7	-	6	24	-	6
1969	135	19	3	-	14	7	49	-	33	-	-	-
1970	93	10	-	-	6	5	55	-	17	-	-	-
TOTAL	490	113	5	-	91	22	128	-	49	26	-	56

ATTACHMENT A

U.S. INSTITUTIONS UTILIZED FOR ACADEMIC TRAINING BY PARTICIPANTS FUNDED DURING FISCAL YEARS 1969, 1970 AND 1971

University of Arizona
Ball State University
Brooklyn Polytechnic Institute
University of California
University of California at Los Angeles
California Polytechnic Institute
California State College
Carnegie Institute of Technology
University of Chicago
University of Cincinnati
University of Colorado
Colorado State College
Columbia University
University of Connecticut
Cornell University
East Texas State University
University of Florida
Florida State University
George Peabody College
Georgia Institute of Technology
University of Georgia
Georgetown University
Harvard University
University of Hartford
University of Houston
University of Illinois
Illinois Institute of Technology
University of Iowa
Iowa State University
Johns Hopkins University
University of Kansas
Kansas State University
Kent State University
Lamar State University
Loyola University
University of Maine
Marquette University
University of Michigan
Michigan State University
Massachusetts Institute of Technology
University of Minnesota
Mississippi State University
Montana State University
University of Nebraska
University of New Mexico
New York University
University of North Carolina
North Carolina State University
Northeastern University
Ohio University
Ohio State University
Oklahoma State University
University of Pennsylvania
Pennsylvania State University
University of Pittsburgh
University of Puerto Rico
Purdue University
Rice Institute
San Diego State University
University of South Carolina
University of Southern California
University of South Florida
Southern Illinois University
Stanford University
St. Louis University
Syracuse University
University of Tennessee
Texas A & M
Tulane University
Vanderbilt University
University of Washington
West Virginia University
University of Wisconsin
Williams College
Yale University

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ATTACHMENT B

INSTITUTIONS THAT HAVE DEVELOPED AND/OR PRESENTED SPECIAL COURSES ATTENDED BY AID-SPONSORED BRAZILIAN PARTICIPANTS

1. Boulder, Colorado: Economics Institute
2. Harvard University: Tax Administration Program
3. University of California: Tax Administration Program
4. University of Connecticut: Data Processing Course
5. Syracuse University: Administrative Management
6. University of Pittsburgh: Administrative Management
7. American University: Applied Administrative Management Course
8. Columbia University: Teachers Program
9. Loyola University: Development Seminar
10. Tulane University: Development Seminar
11. Williams College: Economic Development
12. University of Houston: University Administration Reform
13. New York Publishing Firms: Textbook Program
14. Indiana University: Communications Media
15. Social Security Administration
16. Civil Service Commission
17. U.S. Geological Service
18. Internal Revenue Service: Tax Seminars
19. Bureau of Reclamation
20. Bureau of Customs
21. Census Bureau
22. Bureau Budget
23. General Accounting Office
24. Pan American Union
25. Tennessee Valley Authority
26. Federal Aviation Office
27. Treasury Department
28. Bureau Public Roads
29. Department of Agriculture
30. Office of Education
31. Veterans Administration
32. Voice of America
33. Brookings Institute
34. Port Authority—NYC
35. Interamerican Development Bank
36. International Police Academy
37. Cooperatives Center—Univ. of Wisconsin
38. Public Health Service
39. I.A.G.S. Cartographic School—Panama C.Z.
40. National Health Institute
41. Communicable Disease Control Center—Atlanta, Georgia

Outline the steps which Brazil has taken to comply with the Charter of Punta del Este

In response to a 1968 request from the Committee on Government Operations of the House of Representatives, the Agency for International Development undertook a study to determine whether the goals of the Alliance for Progress were realistic or attainable in light of eight years' experience. AID's review concluded that total accomplishment of the ambitious goals within the decade 1961–71 as contemplated in the Charter of Punta del Este was not possible. Too much had been expected too soon; nonetheless achievement had been substantial.[1]

Both generalizations hold true for Brazil: (1) The Alliance goals were unrealistic in the given time frame; (2) progress was substantial by 1968. Since then it has been exceptional in many areas. The reasons for this dramatic growth relate directly to policies and procedures advocated under the Alliance for Progress although it would have to be said, in all accuracy, that Bra-

[1] House of Representatives, 91st Congress, 1st Session. A Review of Alliance for Progress Goals, a Report by the Bureau for Latin America, Agency for International Development, March 1969.

zilian development has at all times in the decade 1961–1971 been the product of Brazilian planning, goal-setting, and implementation. Following the economic and political debacles of 1961–1964, there has been harmony between Alliance and Brazilian goals (although the former were in the popular mind regarded mainly as U.S. exhortations). Because of this near-identity in goals, the elements of Alliance provide useful terms of reference for a rapid survey of the means and accomplishments of Brazilian development.

There were at least six factors on which this impressive rate of growth was based:

(1) *Sound Economic Planning and Policy Determination*

An effective Ministry of Planning emerged after the Revolution of 1964, led by an internationally-known economist, Roberto Campos, who cooperated closely with a distinguished Minister of Finance, Otavio Bulhões. Their successors, João Paulo dos Reis Veloso and Delfim Netto, respectively, have maintained the high professional standard and a general continuity in policy. Macro-economic planning covers in broad terms Brazilian development priorities over the next five years. Sector plans have been drawn up and are being followed in key areas such as education, agriculture, highway construction, ship building, and steel expansion. These are basically self-help programs making maximum use of domestic resources although most of them include support from international lending institutions. Economic policy has been flexible and creative, with basic reliance on the private sector and an open economy.

The personnel for this strengthened planning and policy system have been trained in local institutions, frequently with post-graduate work in the U.S. Outstanding among Brazilian institutions producing economists for this effort has been the University of São Paulo which, under an AID-Ford Foundation grant, has availed itself of the professional assistance of Vanderbilt University in the development of a graduate school of economics equal to any in Latin America.

(2) *Monetary and Fiscal Stability*

Rate of Inflation: 1964 (Peak), 140 percent; 1970, 19.8 percent.

Brazilian development strategy after 1964 was based on the two simultaneous goals of curbing inflation and restoring growth rates. It is no easy trick to reconcile these two somewhat incompatable goals. But through a skillful, flexible combination of fiscal, monetary, wage and foreign exchange policies, Brazil has achieved one of the most impressive economic recoveries and growth surges in recent times. Brazil created an atmosphere in which meaningful and coherent national development plans could be drawn up, domestic savings and foreign capital attracted in support of these plans, and implementation moved forward under a free market economy relying largely on private enterprise.

(3) *Dynamic Private Sector*

Government policies since 1964 have been designed to encourage private initiative and at the same time reduce the protection and special privileges of inefficient firms. The result has been a virtual managerial revolution. In 1964, the private sector was cautious, conservative, old-fashioned, and lacking in confidence. It is now among the most aggressive in the world and in a rapid process of technological and managerial modernization.

(4) *Tax Collections*

Income Tax Filers: 1968, 580,000; 1970, 7,700,000.

Brazil has revolutionized its tax structure and widely expanded its revenue base since 1964. A recent IMF study ranks Brazil first among 55 developing countries in tax effort. In real terms, federal tax revenues from all sources increased by 19% in 1969 and almost another 15% in 1970. The increase in income tax collections, regarded by the Brazilian press as "social justice in action," has captured the popular attention. The real increase in revenue from this source in 1969 over 1968 was 44% and in 1970, a further 28%.

(5) *Mobilizing Domestic Resources*

In addition to the expansion of the tax base, Brazil developed a number of programs to attract domestic, private savings into the development process. Two striking examples of mobilization of private savings for basic development objectives are the national housing program and industry expansion in the impoverished Northeast region.

Recently, a concerted effort to strengthen the Brazilian stock market has succeeded in converting it from a rather lethargic institution to one of the world's more active.

(6) *Foreign Assistance*

On the basis of continually improved planning, increasingly competent professional talent and maximum self-help, Brazil has made good use of sizable amounts of foreign assistance. The large USAID bilateral program of the mid-1960's has been phased down to a relatively small, concentrated effort on selected areas such as education, agriculture, and health. However, the total level of foreign assistance remains as high, or higher, than in the past as the World Bank, the Inter-American Development Bank and the Export-Import Bank increase markedly their activities in the country.

The developmental impact of these factors, operating together, has been to propel Brazil, with growing momentum along the path toward self-sustaining growth. Measured against the specific objectives of the Charter of Punta del Este, the picture emerges as follows:

a. Per Capita Growth—The Alliance called for a per capita growth rate of 2.5 per cent per year. Estimates of Brazil's performance based on a population increase of 2.8 per cent per year are:

1961	7.6	1966	2.4
1962	1.9	1967	1.8
1963	−0.9	1968	5.7
1964	0	1969	6.0
1965	−0.5	1970	6.5

Note that in the last three years Brazil's growth has been among the highest in the world.

b. More Equitable Income Distribution—Higher Proportion of National Product Devoted to Investment—Income Distribution.—A more efficient tax system, resources transfers from the more prosperous south to the north of the country, job opportunities in industry and service trades, broader educational opportunities, plus gradual improvement in agricultural productivity resulted in a considerable improvement in income distribution during the 1960's. See table below. Brazil, like other countries undergoing rapid change, still has a long way to go. However, President Medici is acutely conscious of the problem and has established a more equitable income distribution as one of his national goals.

[In percent]

Income group	1960	1968
Less than $100	32	26
$100 to $200	12	13
$200 to $500	38	41
$500 to $1,000	5	7
Over $1,000	13	13
Total	100	100

Investment.—Brazil stimulated investment by policies which created an attractive and stable climate for economic development. Savings were mobilized by offering correction for inflation on a periodic basis and tax rebates for investment. The following figures indicate the recovery of Brazilian investment from the low point prior to the Revolution of 1964.

Investment as a Percentage of GNP

1960	17.4	1965	17.1
1961	17.2	1966	15.3
1962	17.2	1967	15.7
1963	15.3	1968	18.0
1964	16.2	1969	18.5

Estimates are that private investment was less than 50% of total investment during the period 1963–1965. Current estimates are that it has increased to approximately 75% of total investment.

c. Trade Diversification.—Brazil has made a major effort to diversify its economy, regionally as well as functionally. Tax incentives moved almost $830 million dollars into industry in Brazil's underdeveloped Northeast area from 1965–1970. In addition, total federal expenditures in the Northeast exceeded receipts from that region by an average of 75% in 1965–1969. Incentives have also been given to non-traditional fields of investment, such as fishing, forestry, and tourism in an effort to broaden the economic base.

The dollar value of Brazil's exports has almost doubled since 1964 and the pattern of exports also reflects the diversification policy. In the early 1960's, coffee represented over 50% of Brazil's export earnings; in 1970, 34%. New products for export were given incentives and procedures were simplified. Periodic adjustments in the foreign exchange rate were introduced, insuring that the exporter would receive a realistic return in cruzeiros for his foreign sales.

The table below highlights the shift in the export pattern from 1961 to 1970.

	Exports and share of total exports (in millions of dollars)			
	1961	Percent	1970	Percent
Coffee	710	50 6	939	34.3
Manufactures	66	4.7	307	11.3
Total exports	1,403		2,739	

d. Industrialization.—The process of industrialization in Brazil has far exceeded the rate of growth of GNP since 1966. Estimates are that industrial output grew by an average of 12 percent since 1968.

One of the fastest growing industries in recent years has been petro-chemicals following promulgation of a formula on ownership between the private and public sectors In 1971, a steel expansion program involving approximately $1 billion was begun, aimed at quadrupling Brazilian steel production (currently about five million tons per year) by 1980. The World Bank and the Export-Import Bank are participating in the financing.

e. Agriculture.—Historically, Brazilian industrialization took place at the expense of agriculture, but efforts are now underway to bring about a better balance between these two sectors. Easier access to credit; strengthened research; fiscal incentives for agricultural investments; elimination of taxes on tractors, fertilizers, etc.; price supports; incentives to cooperatives; an expanding net of farm-to-market roads, and improved storage and marketing facilities are laying the foundation for a breakthrough in agricultural productivity.

One major breakthrough has become apparent in wheat production. Not too long ago, Brazil was considered unsuitable for wheat cultivation. New seed varieties have changed that conclusion in dramatic fashion—production in 1969/70 (1,500,000 tons) represented an increase over the 1967/68 crop of 310 percent.

Elsewhere, the effect of the new atmosphere for agriculture is also showing effect. In 1970, for example, overall consumption of fertilizer rose 29 percent to 2.5 million tons; tractor sales reached 14,000 units, up from 9,500 in 1969; sale of agricultural chemicals (insecticides, etc.) increased more than 13 times in 1969 over 1967.

The overall impact of the new Brazilian emphasis on agriculture was seen in an increase in production of from 6–8 percent in 1970, despite the second year of severe droughts in the Northeast. The prospects for 1971 are equally good.

f. Agrarian Reform.—Brazil recognizes the need for agrarian reform but, with thousands of square miles of empty land, does not generally equate it with redistribution of land already under cultivation. Instead, the emphasis has been on relocation and colonization. Current plans envision the resettlement of 120,000 families (600,000 persons) from the overpopulated Northeast in frontier regions, such as along the Transamazon highway. This will be a massive challenge and require sizable investments to be successful.

Another form of "reform" is Brazil's "Social Integration Program" for farm workers. Financed from a 2 percent tax on the first sale of farm products, the program is designed to provide emergency medical care to rural participants, financing disability pensions and cover retirement pensions at 65 based on one-half the highest minimum salary in any region of the country. The plan has

only been recently announced and a record of performance has not yet been established.

g. Education (Adult Literacy).—After a number of sporadic past efforts, Brazil began in 1970 a national campaign to reduce adult illiteracy, headed by one of the country's outstanding economists. The campaign has reportedly trained 400,000 adults in the first six months of operations It is so far limiting its efforts to urban areas, but appears to be well-conceived, administered and financed .

Educational Modernization.—Education is considered by many observers to be Brazil's key bottleneck to more rapid development. It has been treated by the Brazilian Government since 1968 as a top priority area for reform and investment, and "action" programs are underway for major and often sweeping changes at all educational levels: fundamental, secondary, technical and university. Qualitative changes as well as quantitative expansion are involved in the new programs, most of which have been underway a relatively short period of time.

Some improvements have had immediate effect, nonetheless, as may be seen from the increases in enrollment since 1965: Elementary, +35 percent; Secondary, +96 percent; University, +153 percent.

The expansion of secondary education is especially significant. A bottleneck in this area, which is rapidly being removed, has reduced entry into the middle class, generated social injustice, and created shortages of skilled manpower.

The costs of this modernization campaign have been sizable. In 1970, for example, the Brazilian Government alone invested in the neighborhood of $1,150,000,000 in education. Public expenditures have expanded over 11% annually in real terms since 1961. As a percentage of GNP, the present Government is investing about 65% more per year in this vital area than did pre-revolutionary governments.

h. Health.—Brazil's progress in relation to the health goals set out at Punta del Este has been slower than the forward movement in any other sector (with the exception of Latin American economic integration, an area lying outside purely Brazilian control).

While specific programs and campaigns have been mounted, malaria control for example, and have been reasonably successful, much remains to be done. This situation is recognized by the Brazilian Government, and it has experimented with a variety of approaches to the challenge. Indications are that it will continue to try to improve on past performance.

An outstanding exception has been the public health work of the National Housing Bank in its campaign to assist cities and towns in the construction of water and sewerage systems. Water-borne diseases are a major source of illness in Brazil, and modern sanitary systems will do much to reduce infant mortality and adult disease complications.

The Bank's program is based on a shared-cost approach and will result in the creation, for the first time in Brazil, of self-supporting water systems.

At the end of 1970 the Bank had signed contracts for sharing the construction financing of sanitation facilities in some 983 municipalities, of which about 300 are already under construction for total project value of over $400,000,000. As of the end of 1970, over $40,000,000 had been disbursed by the Bank as its part of the financing. The projects now underway will provide improved sanitation services to an estimated 31,000,000 persons.

Further, in 1970 the Bank published the National Sanitation Plan which projects the extension of sanitation services to at least 80% of the population of Brazil, or 63,000,000 persons, by 1980. For the period 1971 through 1973 alone, the Bank proposes to invest $40,000,000 in water and sewerage systems. (USAID has participated, with technical and capital assistance in this program as well as in malaria control and disease research.)

i. Low-Cost Housing.—Remarkable progress was made in Brazil towards achieving this Alliance goal following creation in August 1964 of the National Housing Bank (Banco Nacional da Habitação—BNH). On its creation the BNH was charged by the Brazilian Government with responsibility for attacking the problems of inadequate housing and sanitation services in population centers throughout Brazil.

In 1966, to assist the BNH to accomplish these goals, the GOB replaced piecemeal federal budget allocations to the BNH with the massive resources of the national social security fund and by savings from the national saving and loan system. This move allowed the BNH to attract private resources and pursue non-inflationary investment programs in magnitudes needed to combat realistically the deficits in housing and related services which had been developing even prior to World War II.

The BNH, in addition to financial support, developed an organizational structure and continuity of leadership over the years which has made it one of Brazil's soundest institutions in terms of competence and accomplishment. It functions with such success today that real hope exists that Brazil will eliminate its serious housing and sanitation inadequacies during the 1970's.

Approximately 60% of all BNH investments have gone for low-income or "popular" housing. During the six years of its existence over 600,000 housing units have been or are being constructed, about 129,000 during 1970 alone, benefitting a total of some 3,500,000 persons. When compared with the 127,000 housing units constructed by the GOB during the 25 years prior to 1964, the performance of the BNH becomes apparent. According to BNH statistics, the capital mobilized internally in Brazil through the various systems to achieve this construction level amounted to the equivalent of over $3.5 billion. Cumulative gross investments in housing by the BNH up to the end of 1970 amounted to over $1,000,000,000 (63% of total BNH investments for the period).

The savings and loan system, established in 1966, has grown to include about 1,300,000 members with accounts in 1970 amounting to over $750,000,000. The BNH supports the growth of savings and loan companies by guaranteeing financial operations, investing for the system and regulating its activities in the interest of the savers. Growth has been so great that during 1970, for the first time, the resources voluntarily mobilized under this system exceeded resources received by the BNH from Social Security deposits.

For the period 1971 through 1973 the BNH proposes to invest over $1.2 billion in an additional 644,000 housing units.

Slum Relocation Program.—For the past ten years the Brazilian Government has devoted increasing attention to the slum (favela) problems in major urban centers. The most dramatic favela relocation program undertaken and the one which provided experience for initiating others elsewhere in Brazil has been in the city of Rio de Janeiro. By the end of 1970 this program resulted in the construction of some 35,000 housing units into which have been or are being moved some 49 different favelas. The 35,000 families so far benefitting from this program represent about 28% of the total number of families registered as living in the favelas in and around Rio de Janeiro.

j. Maintain Stable Prices.—The Government which took over in March 1964 made the containment of inflation its primary economic policy target. Rapid progress was achieved, and the rate of inflation was reduced from a peak rate of around 140% per annum for a part of 1964 to about 28% in 1967. Since then the improvement has been more gradual, but in 1970 the increase in the general price level was held to less than 20% (19.8) for the first time in a decade.

Government budget deficits were probably the major source of inflation in the early 1960's; their gradual reduction, and now virtual elimination, was a major means of reducing inflationary pressure. Credit control was less restrictive; credit expansion was largely responsible for generating the degree of inflation which did occur.

Brazil has built into its economic and financial structure certain devices to make the economy viable in an inflationary situation. These devices are principally designed to provide adjustments of capital values (such as Treasury bonds, business assets, mortgages, savings deposits, loan agreements etc.) by the amount of the inflation which has occurred. Adjustments in wage contracts also have reflected past and anticipated inflation. Although these devices are essential from the standpoints of equity and incentives to save, they tend to slow down the reduction in the rate of inflation.

The Charter also stresses the need to bear in mind "the necessity of maintaining an adequate rate of economic growth." The extraordinary feature of Brazil's fight against inflation was that it was concurrent with a successful restoration of a high growth rate.

k. Latin American Economic Integration.—Because of its large internal market and an export pattern with little complementary with other Latin American countries Brazil in the 1960's showed only routine interest in the Latin America Free Trade Area as a trading partner.

With diversification of exports accelerating and Brazilian manufactured goods becoming increasingly competitive, this situation may undergo some change in the 1970's.

BRAZILIAN TRADE WITH LAFTA

[In millions of dollars]

	Exports (FOB)	Imports (FOB)
Year—		
1961	97	118
1962	97	199
1963	80	221
1964	138	218
1965	201	228
1966	187	196
1967	161	203
1968	193	226
1969	254	242
1970	293	238

1. *Commodity Stabilization*—As a signatory of the International Coffee Agreement, Brazil has been highly responsible in reducing coffee production and readjusting export quotas to help maintain relative stability in world markets. Brazil has reduced its average productive capacity from around 37 million bags in the early 1960's to about 22 million bags in 1971. Although Brazil has greatly reduced its dependence on coffee, it recognizes its responsibility to prevent serious economic disruption in smaller countries with less diversified exports.

What is the situation in Brazil with respect to U.S. and other private foreign investment? How much and in what fields?

Brazil is one of the leading recipients of foreign investment in Latin America. U.S. investment in Brazil ranks seventh worldwide. In recent years Brazil has had the highest rate of increase in annual expenditures for plant and equipment by foreign affiliates of U.S. corporations. By 1967, annual expenditures on these items in Brazil, through new investment and reinvestment, were larger than in any other country in Latin America, increasing to 35% of the regional total by 1969.

There is no up-to-date, reliable compilation of foreign investment in Brazil. Estimates vary widely, ranging from $3.2 billion to $4.6 billion by the end of 1969. (The Embassy is inclined toward the lower end of this range.) At that point, total U.S. investment was about $1.6 billion. Thus, depending on which estimate of total foreign investment is chosen, the U.S. share would vary between one-third and one-half.

The Central Bank is registering past foreign investment and so far has accounted for $1.7 billion. Five countries, the United States (48%), West Germany (10%), Canada (10%), the United Kingdom (6%) and Switzerland (6%), account for 80% of total registered foreign investment (including reinvestment) in Brazil up to December 31, 1969. Since only about half of total foreign investment has been registered, these percentages may not be an accurate indicator for the total.

The sectors which have received the greatest share of foreign investment are the automobile industry (vehicles and vehicle parts) with 15.5%; electrical equipment 9.8%; petroleum products 8.3%; basic chemical products 8.3%; food products 6.9%, rubber products 5.8%; and energy 5.5%.

U.S. investment in Brazil is heavily concentrated in manufacturing (70%) and distributed fairly evenly among a number of subsectors.

Most other foreign investors in Brazil have concentrated their holdings in one or a few subsectors of the economy. Thus Canada has 55.3% of its total investment in Brazil concentrated in the electrical energy sector, Germany has 69% in the vehicle and parts sectors, England has 39% in petroleum products, Belgium has 78.2% in chemical products, and Holland has 85% in electrical equipment. In contrast, the sector with the greatest concentration of U.S. investment, the automobile industry, accounts for only 12.6% of total U.S. investment. The explanation for the greater diversification of U.S. investment in Brazil is that total investment of other countries in Brazil is small relative to U.S. investment (which has nearly five times more investment than the next largest investor), and one large investment in a particular sector such as Light for Canada, or Volkswagen for Germany, constitutes a predominant share of total investment by that country in Brazil.

The primary sector, consisting principally of agriculture, employs 46.7% of the active labor force, produces 18.0% of GNP, and receives only 0.4% of total foreign investment. The secondary sector (Industry) which employs 13.6% of the labor force and produces 31.4% of GNP accounts for 87.7% of foreign investment. The tertiary sector (services) accounts for 11.9% of foreign investment, while employing 39.7% of the labor force, and producing 50.6% of GNP. Within the secondary sector, manufacturing industries absorb the major share of foreign investment (81.2%). As would be expected, given the relative comparative advantage of foreign firms, investment tends to be concentrated in those subsectors where there is greater opportunity to apply advanced technology.

Within the major industrial subsectors, the automobile sector has grown the fastest (average annual rate of growth of 28.3% throughout the fifties and most of the sixties). It is this sector in which foreign investment has been most highly concentrated.

What is the attitude of the Brazilian Government, business community and public toward private foreign investment?

While varying degrees of economic nationalism and antiforeign investment sentiment may prevail in Brazil, foreign investments are generally welcomed and even encouraged via special fiscal incentives and government support where they contribute to Brazil's priority objectives of export promotion and technological modernization.

While local business interests may prefer to avoid foreign competition and preserve Brazilian market potentials for themselves, pragmatic governmental leaders realize that local capital and know-how are not sufficient to insure Brazil's growth targets in many economic sectors. However, the GOB does attempt to strengthen the competitive position of local investors via various economic and fiscal privileges.

Among the public, there is a growing appreciation of the many benefits of foreign investments, especially in creating much-needed job opportunities and in conserving and expanding Brazil's foreign exchange reserve. Such appreciation and understanding, coupled with demonstrated success of the country's economic leadership, outweight any hostile nationalistic or left-leaning elements. The current economic boom in Brazil has lessened opposition to and fear of foreign competion. Three years ago, "denationalization of industry, i.e., dominance of foreign investment, was a major political issue; today it is almost completely dormant.

What is the current rate of writing investment guarantees?

The insurance coverage (by type of coverage) since the beginning of the guarantee program in 1965 and running through to the end of the first quarter of 1971 is as follows:

[In millions of dollars]

Year	Convertibility	Expropriation	War risk	Combined (war and expropriation)	Total	Actual investment	Number of contracts or coverages [1]
1965	2.3	1.9	2.0	----------	6.2	1.8	4
1966	22.1	1.0	----------	20.5	43.7	14.8	27
1967	56.8	37.5	4.2	14.3	112.8	51.9	28
1968	78.8	36.2	24.8	34.4	174.3	56.8	37
1969	51.4	15.5	21.8	29.0	118.5	43.4	30
1970	65.1	14.1	14.1	50.0	143.3	45.1	35
1971 [2]	5.0	----------	----------	5.0	----------	2.5	4

[1] Not number of actual projects covered, which is much less due to multiple counting; e.g., in the 1st quarter of 1971 only 1 project was involved.
[2] 1st quarter only.

The rate for the four years 1967–70 was relatively constant. Only one company has been insured in 1971, but the time period may be too short to indicate a trend.

The specific guarantees issued in the last year are detailed below.

STATUS OF OUTSTANDING GUARANTIES ISSUED, LATIN AMERICA, SCHEDULE III

Country and investor	Contracts of guaranty			Reductions and cancellations, payments on guaranty	Face amount ensuing year, standby amount	Fees collected
	Number	Issue date expiration	Amount			
BRAZIL						
Gates Rubber Co	7110 AA	May 13, 1970	940,678	0	0	940.68
		May 1990		0	940,678	
Do	7110 DA	May 13, 1970	940,678	0	470,339	4,585.81
		May 1990		0	470,339	
Do	7111 AD	May 27, 1970	100,000	0	10,000	115.00
		May 1990		0	90,000	
RO-Search, Inc	7116 AD	May 26, 1970	60,000	0	6,000	69.00
		May 1975		0	54,000	
Ford Motor Co	7195 AA	Aug 24, 1970	14,086,912	0	0	14,086.91
		August 1990		0	14,086,912	
Do	7195 BA	Aug 24, 1970	14,086,912	0	12,200,000	62,886.91
		August 1990		0	1,886,912	
Do	7195 CA	Aug 24, 1970	14,086,912	0	3,900,000	29,686.91
		August 1990		0	10,186,912	
W. R. Grace & Co	7234 AA	Aug 28, 1970	650,000	0	0	650.00
		August 1982		0	650,000	
Do	7234 AB	Aug 28, 1970	381,000	0	0	381.00
		August 1982		0	381,000	
Do	7234 DA	Aug 28, 1970	650,000	0	650,000	5,687.50
		August 1982		0	0	
Do	7234 DB	Aug 28, 1970	381,000	0	381,000	3,333.75
		August 1982		0	0	
Mine Safety Appliances Co	7247 AA	Oct 9, 1970	477,512	0	0	477.51
		October 1990		0	477,512	
Do	7247 DA	Oct 9, 1970	477,512	0	240,000	2,337.51
		October 1990		0	237,512	
Eclipse Fuel Engineering Co	7252 AD	Oct 29, 1970	50,000	0	5,000	57.50
		October 1990		0	45,000	
Dow Chemical NV	7279 AA	Dec 23, 1970	5,500,000	0	0	5,500.00
		December 1990		0	5,500,000	
Do	7279 DA	Dec. 23, 1970	5,500,000	0	1,250,000	15,157.50
		December 1970		0	4,250,000	
DOW Chemical Overseas Capital Corp	7280 AB	Dec. 23, 1970	5,500,000	0	127,500	5,691.20
		December 1970		0	5,372,500	
Do	7280 DB	Dec. 23, 1970	5,500,000	0	1,000,000	13,250.00
		December 1990		0	4,500,000	
Crucible Inc	7281 AD	Nov. 12, 1970	800,000	0	100,000	950.00
		November 1990		0	700,000	
Dow Chemical, N.Y	7302 AA	Dec. 31, 1970	12,000,000	0	0	0
		December 1990		0	12,000,000	
Do	7302 AS	Dec. 31, 1970	4,390,000	0	0	0
		December 1990		0	4,390,000	
Do	7302 DA	Dec. 31, 1970	12,000,000	0	6,260,000	0
		December 1990		0	5,740,000	
Do	7302 DB	Dec. 31, 1970	4,390,000	0	0	0
		December 1990		0	4,390,000	
Phelps Dodge Corp	7310 AA	Jan 15, 1971	1,400,000	0	0	
					1,400,000	
Do	7311 AA	Jan. 15, 1971	1,100,000	0	0	
				0	1,100,000	
Do	7310 DA	Jan. 15, 1971	2,800,000		2,800,000	
Do	7311 DA	Jan. 15, 1971	2,200,000		2,200,000	

For the past 10 years please provide a "balance sheet" indicating for each year the amount invested by U.S. business and their profit remittances. What is the net effect of this 10-year investment period on the U.S. balance of payments?

Year	U.S. net direct investment in Brazil	Profit remittances to United States	Net effect on U.S. balance of payments
1960	83	45	−38
1961	7	35	+28
1962	14	24	+10
1963	−8	13	+21
1964	−36	5	+41
1965	−6	19	+25
1966	87	33	−54
1967	39	66	+27
1968	80	75	−5
1969	64	66	+2
Total			+57

Source: U.S. Department of Commerce, Survey of Current Business. 1970 data not readily available

The direct effect on the U.S. Balance of Payments during the 1960's has been slightly positive. While U.S. direct investment in Brazil increased by $680 million (71%) during this period, most of the increase (91%) was financed by reinvested earnings. During the 1960's income remitted to the U.S. from Brazil exceeded the net capital outflow from the U.S. every year but three. During the early to mid-1960's, deteriorating economic conditions (and an unfavorable overall climate for foreign investment during the Goulart administration) caused the net direct capital outflow to Brazil to decline, reaching a low of minus $36 million in 1964. During this same period remitted income to the U.S. declined as profits fell (the return on U.S. investment in 1963 reached a low of 5.7% as compared to an 8.3% average for the decade) and administrative obstacles to remittance of income developed under the Goulart regime.

In addition to the direct investment effects, remittances to the U.S. for sales of patents, trademarks, and technical services have had an important positive effect on the U.S. Balance of Payments averaging about $30–$35 million annually during the sixties.

What is the current "average" return on foreign investment in Brazil?

The following table provides data for U.S. investment. No data were available for other foreign investment.

TOTAL EARNINGS AND REMITTANCES TO THE UNITED STATES AS A PERCENTAGE OF TOTAL U.S. DIRECT INVESTMENT IN BRAZIL

	Total net earnings as percent book value	Earnings remitted to United States as percent book value		Total net earnings as percent book value	Earnings remitted to United States as percent book value
1946	14.3	6.4	1961	7.1	3.5
1948	22.3	6.2	1962	7.6	2.2
1950	16.2	6.0	1963	5.7	1.2
1952	25.6	6.8	1964	5.8	.1
1954	14.2	4.9	1965	9.4	1.8
1956	10.2	2.2	1966	9.8	2.6
1958	8.3	2.8	1967	8.7	5.0
1959	6.5	3.0	1968	10.7	5.1
1960	8.4	4.7	1969	9.6	4.0

Source: Survey of Current Business, Department of Commerce 1970 data not readily available.

What is the total number of AID and AID related personnel now in Brazil? How many are contract personnel? How many are local hire?

USAID

Direct-hire	[1] 101
Other Government agencies	56
Contract personnel	91
Subtotal	248
Local hire	[1] 334
Total	582

[1] Does not include 9 U.S. direct hire and 10 local hire employees of the Area Auditor General's office which is not under the authority of the USAID Mission.

Please describe the major technical assistance projects currently underway in Brazil?

The annual A.I.D. presentation to Congress—now being compiled for the House Foreign Affairs Committee—contains a current and complete description of our activities. The attached 12 narrative statements and financial summary describe our continuing major programs. Omitted are terminating projects whose funding runs out in FY '71.

The total technical assistance program to Brazil as shown in the Congressional Presentation is as follows:

	Thousands of dollars
Fiscal year 1970	12,364
Fiscal year 1971	10,830
Fiscal year 1972	10,325

TABLE II
Part 1

SECTOR:

PROJECT DATA SUMMARY
(Dollar Amounts in Thousands)

Project Title	* Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1970			Estimated FY 1971			Proposed Program FY 1972	Future Year Obligation	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/70	Obligations	Expenditures	Unliquidated Obligations 6/30/71			
AGRICULTURAL EDUCATION	512-11-110-094	1951	1972	15,865	14,484	1,381	1,475	1,681	1,175	1,378	-	18,718
AGRARIAN REFORM	512-15-120-249	1965	1975	1,191	765	426	375	444	357	465	1,869	3,900
AGRICULTURAL PRODUCTION	512-15-130-247	1965	1974	624	538	86	110	147	49	121	145	1,000
AGRICULTURAL MARKETING	512-15-140-248	1963	1972	2,765	2,568	197	434	441	190	539	-	3,738
HEALTH (INCLUDES MALARIA ERADICATION)	512-11-540-265	1958	1972	14,801	14,658	143	294	290	147	236	-	15,331
EDUCATION ADMIN. & PLNG. - FUND. SECONDARY	512-11-680-296	1963	1977	5,292	4,505	787	849	1,028	608	866	3,639	10,646
HIGHER EDUCATION	512-11-660-263	1959	1973	4,876	3,389	1,487	1,582	1,345	1,724	1,230	1,220	8,908
TECHNICAL SCI. & EDUC. PUBLICATIONS	512-11-691-127	1963	1972	980	874	106	163	232	37	106	-	1,249
DEVELOP. PLNG. & ADMIN.	512-11-990-122	1964	1974	3,820	3,141	679	964	1,120	523	922	135	5,841
LABOR	512-11-410-028	1961	1972	4,307	3,783	524	508	687	345	675	-	5,490
INDUSTRY AND COMMERCE	512-15-950-227	1963	1975	555	417	138	91	188	41	303	690	1,639
TRAINING FOR REGIONAL DEVELOPMENT	512-15-995-268	-	-	-	-	-	400	148	252	350	-	-
FOR PROJECT DESCRIPTION SEE ATTACHED NARRATIVE TABLE III												
					Total							

*Detailed project narrative—See Table III

Cont'd

PROJECT DATA

TABLE

PROJECT TITLE	SECTOR	FUNDS
Agricultural Education	Agriculture and Rural Development	T.C.
PROJECT NUMBER 512-11-110-094	PRIOR REFERENCE p. 15. FY'71 LA P.D. B.	INITIAL OBLIGATION FY 1957 / SCHEDULED FINAL OBLIGAT FY: 1972

Project Target and Course of Action: To improve the capacity of cooperating Brazilian colleges to (a) provide leadership in developing Brazil's agricultural and rural resources and (b) train required agricultural specialists. Technical assistance is provided to four Brazilian schools through contracts with U. S. universities, i.e., the Federal University of Visosa (Purdue University); and the agricultural colleges of the Universities of Rio Grande do Sul (University of Wisconsin), Ceara (University of Arizona), and São Paulo (Ohio State). The U. S. universities provide professors to help strengthen and upgrade faculty, establish graduate programs, revise curricula, improve administration, develop applied research programs, and improve extension services. Brazilian professors from the cooperating schools receive training in the U. S. at M.S. and Ph.D. levels.

Progress to Date: Graduate level programs have been established in three of the Brazilian schools, and a fourth is planned for the University of Ceara. Estimated graduate enrollment in these schools for 1972 as 325. Staff members with M.S. and Ph.D. degrees have increased from 27 in 1962 to 293 in 1971. The goal for 1972 is 345. Other achievements of the program have been (1) Brazilian acceptance of the concept of integrating teaching, research, and extension; (2) acceptance of a leadership role in agriculture development within the respective states; and (3) educational and organizational reform, particularly replacing the "catedratico" or chair system with a modern departmental system.

FY 1972 Program: Emphasis will continue on strengthenin graduate programs, increasing involvement of the college in state agricultural development programs, expansion of applied research programs, and training of Brazilian faculty members in the U. S. (Arizona, $390,000; Wisconsin, $444,000; Purdue, $374,000; Ohio State, $105,000).

U. S. Technicians: Six Purdue professors and three man-years of short-term advisors; seven Arizona professors a nine months short-term; seven Wisconsin professors, thre OSU professors to assist the respective Brazilian colleges. Two direct-hire technicians to coordinate, supervise and monitor activities.

Participants: Through the university contracts 71 participants (including extensions) will be trained in agricultural economics, animal, plant, soil, and rural social science at the participating U. S. universities.

Commodities: Laboratory equipment.

Other Costs: Computer services, teaching aids.

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/70	15,865	14,484	1,381
Estimated FY 71	1,475	1,681	-
Estimated through 6/30/71	17,340	16,165	1,175
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	1,378	-	18,718

Cost Components	OBLIGATIONS Estimated FY 1971 Direct AID	Contract/Other Agency	Total	Proposed FY 1972 Direct AID	Contract/Other Agency	Total
U S. Technicians	66	830	896	40	800	840
Participants	34	479	513	16	458	474
Commodities	-	47	47	-	20	20
Other Costs	19	-	19	9	35	44
Total Obligations	119	1,356	1,475	65	1,313	1,378

PRINCIPAL CONTRACTORS/AGENCIE

University of Arizona
University of Wisconsin
Purdue University
Ohio State University

COUNTRY: BRAZIL — PROJECT STATUS

PROJECT TITLE	SECTOR	FUNDS
Agrarian Reform	Agriculture and Rural Development	T.C.
PROJECT NUMBER 512-15-210-249	PRIOR REFERENCE: P. 16, FY 71 IA P.D.B.	INITIAL OBLIGATION FY: 1965 / SCHEDULED FINAL OBLIGATION FY: 1975

Project Target and Course of Action: To assist the Special Group for the Rationalization of the Northeast Sugar (GERAN) to bring about broad regional, social and economic reform through diversification and modernization of agro-industry and land redistribution in the Northeast (NE) Sugar Zone. GERAN seeks to modernize the NE sugarcane industry while reducing the area needed for sugar growing and thereby release unused land for redistribution. U.S. support will go toward assisting GERAN to build a personnel and management system for assessing, planning and coordinating projects; training personnel outside Brazil; and carrying out short-term studies in selected problem areas. Under its scheme of operation, GERAN encourages NE sugar growers and processors to develop and submit modernization plans according to certain criteria established by GERAN.

Progress to Date: A.I.D.-financed studies of the NE sugar Zone helped stimulate the creation of GERAN in 1966. It was reorganized in 1968 and new legislation passed in 1969. Modernization projects have been submitted by four sugar mills and approved by GERAN. There are 27 more projects in final stages of preparation for approval. Aerial mapping of the region has been completed and results are being used for soil mapping. A national cadastral survey has provided the statistical basis for new land taxes. Productivity studies in sorghum and beans are underway and surveys for crop uses of coastal tablelands are completed. In February 1971, the first land was expropriated for agrarian reform under the GERAN program with approximatel 200 families being resettled on 4,400 hectares. Work continues on feasibility studies for irrigation of some 670,000 acres in the San Francisco Valley area.

FY 1972 Program: GERAN's Master Development Plan will be completed and some reforms in organizational/management practices are expected which will improve GERAN's capability to carry out its program. A.I.D. expects to assist in establishing a training program utilizing state universities and regional agricultural training centers. Additional investigations of suitable crops for diversification will be undertaken.

U.S. Technicians: Five long-term contract technicians (Clapp & Mayne, $120,000; Hawaii Agro-Tech, $11,000; U.S.D.A. PASA, $99,000) will work in GERAN on development planning, agriculture vocational training and sugarcane transportation. Three long-term crop/land use specialists will divide their attention between SUDENE and GERAN. Three direct-hire technicians will supervise the various parts of the program.

Participants: 26 Brazilians will receive short-term training in mill management, land-use planning, and modernization techniques in the U.S., Mexico, and Puerto Rico.

Commodities: $10,000, training materials.

Other Costs: $36,000, local travel and training costs.

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/70	1,191	765	426
Estimated FY 71	375	444	—
Estimated through 6/30/71	1,566	1,209	357
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	465	1,869	3,900

OBLIGATIONS

Cost Components	Estimated FY 1971 Direct AID	Estimated FY 1971 Contract/Other Agency	Estimated FY 1971 Total	Proposed FY 1972 Direct AID	Proposed FY 1972 Contract/Other Agency	Proposed FY 1972 Total
U.S. Technicians	90	169	259	75	230	305
Participants	96	—	96	102	—	102
Commodities	10	—	10	15	—	15
Other Costs	10	—	10	7	36	43
Total Obligations	206	169	375	199	266	465

PRINCIPAL CONTRACTORS/AGENCIES

Clapp & Mayne
Hawaii Agro-Tech
Univ. of Arizona

Country:

PROJECT DATA

TABLE II

PROJECT TITLE	SECTOR		FUNDS
AGRICULTURE PRODUCTION - FISH	AGRICULTURE AND NATURAL RESOURCES		T.C.
PROJECT NUMBER 512-15-130-247	PRIOR REFERENCE: Pg. 15, FY'71 LA P.D.B.	INITIAL OBLIGATION FY: 1964	SCHEDULED FINAL OBLIGATION FY: 1973

Target: To assist in the development of the institutional and natural resources in the Northeast leading to increased fish protein production for human and animal nutrition. Specifically this involves strengthening the national agency against the drought (DNOCS) by training personnel and advisory cooperation; developing fresh water fish culture through introduction of new technology; research and development efforts in a new fish research institute.

Course of Action: Fish Processing, Research and Production is now the only activity carried under the project title. Until this year research and development in livestock, feed and forage and high protein corn were incorporated under this title. Beginning in FY'72, these activities will be financed under the agriculture research loan to the Brazilian government. The recent evaluation of the fish program indicated the potential value of continuing the grant funding for an additional two years. Not only did project results to date promise dramatic increases in protein yields for human and animal nutrition, but it would support the general development needs of the Northeast priority area. Moreover an extension service dimension was added to the project which required greater advisory inputs.

Progress to Date: Fish production has improved to where one hectare of fresh water now yields 150 kg. of protein from fish in comparison with a yield of only 5 kg. from beef cattle per hectare of land. Furthermore, research performed up to the present time suggests potential yields from manageable ponds of up to 100-150 times the present 150 kg. yields. The work of the Bureau of Commercial Fisheries team engaged at the inception of the project is accomplished and this input will phase out on schedule at the end of FY'71.

FY-1972 Program: Auburn University will continue assisting in research and development of operational systems of reservoir management, fish culture, fish technology, and extension systems for fish farmers. Training of DNOCS technicians will continue with year long management training courses in Auburn University.

U. S. Technicians: Two man Auburn team for 29 man months.

Participants: Three new participants for one year's training in the U. S.

Commodities: Fish research equipment

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/70	624	538	86
Estimated FY 71	110	147	//////////
Estimated through 6/30/71	734	685	49
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	121	145	1,000

Cost Components	OBLIGATIONS: Estimated FY 1971 Direct AID	Estimated FY 1971 Contract/Other Agency	Estimated FY 1971 Total	Proposed FY 1972 Direct AID	Proposed FY 1972 Contract/Other Agency	Proposed FY 1972 Total
U.S. Technicians	-	105	105	-	75	75
Participants	-	-	-	20	-	20
Commodities	5	-	5	5	-	5
Other Costs	-	-	-	-	21	21
Total Obligations	5	105	110	25	96	121

PRINCIPAL CONTRACTORS/AGENCIES

Auburn University

Country.

PROJECT DATA

TABLE III

PROJECT TITLE	SECTOR		FUNDS
Agriculture Marketing	Agriculture and Rural Development		T.C.
	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
PROJECT NUMBER 512-15-140-248	Pg. 17, FY'71 LA P.D.B.	FY: 1963	FY: 1972

Target: To assist the national agency for agricultural cooperatives to better serve, monitor, and promote the activities of agricultural cooperatives; to develop national legislation and guidelines on seed research quality control and production; and to promote a modern private seed industry.

Course of Action: Using the services of USDA technicians, provide technical advice to the national agency for agrarian development responsible for cooperative development and build the competency of its Center for Cooperative Studies and Training. Work in agriculture statistics will involve the Economics Division of the Ministry of Agriculture. Mississippi State University is working with the Ministry of Agriculture on national seed legislation and with private groups in forming the entrepenurial basis for a seed industry.

Progress to Date: As part of the coop program, two of the four originally planned farm-storage-center demonstration units began operations. A. I. D. has already provided direct assistance on the organization and management of hundreds of operating farm cooperatives throughout the country. Training at the nation training center has reached 600 coop management and government technicians. In their communities, 300 rural youths received year-long exposure to cooperativism. Two new state cooperative councils were formed to assist coop-organizations within the state. Mississippi State Seed Project has completed 28 to 48 seed processing and storage facilities with 20 in process; provided academic training at MSU for 25 people; helped form public and private organizations needed for implementation of the national seed law, i.e. producers associations and enforcement of quality control.

FY 1972 Program: A.I.D. will continue to assist in the development of national and state seed legislation and practices, seed production and distribution enterprises, and farmer organizations interested in improved seed. It will also resume work in economic statistics and the storage aspects of the Price Support Program.

U. S. Technicians: Four long-term USDA technicians, one direct-hire, two long-term university people and four short-term university consultants.

Participants: Twenty new participants from the cooperative program, seven long-term extensions, and 13 short-term people under the seed project will go to Mississippi State University for training and observation.

Commodities: Supplies and laboratory equipment.

U.S DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/70	2,765	2,568	197
Estimated FY 71	434	441	
Estimated through 6/30/71	3,199	3,009	190
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	539	-	3,738

Cost Components	OBLIGATIONS					
	Estimated FY 1971			Proposed FY 1972		
	Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total
U.S. Technicians	22	261	283	22	294	316
Participants	56	90	146	112	89	201
Commodities	-	1	1	-	15	15
Other Costs	4	-	4	7	-	7
Total Obligations	82	352	434	141	398	539

PRINCIPAL CONTRACTORS/AGENCIES

Mississippi State University

U. S. Dept. of Agriculture

Country BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE	SECTOR	FUNDS
Health (Includes Malaria Eradication)	Population and Health	TC
PROJECT NUMBER 512-11-540-265	PRIOR REFERENCE: Pg. 20, FY 71 LA P.D.B.	INITIAL OBLIGATION: FY: 1958 / SCHEDULED FINAL OBLIGATION: FY: 1972

Project Target: Strengthen Public Health planning at State and Federal Levels; Provide technical advisory services in connection with U. S. Loan funded Malaria Eradication program, and improve protein intake among Brazil's poorest classes through intervention (food fortification) in the food processing and marketing channels.

Progress to Date: A.I.D. assisted in developing the Public Health Planning Unit (PAPPE) of the Ministry of Health and continues through training and advice to strengthen this unit and the planning capabilities of the State Secretariats of Health through PAPPE.
Twelve State Secretariats now have competent Public Health Planning Units. Effective control of endemic diseases requires constant research; such research has been stimulated and is ongoing in relation to schistosomiasis, chagas, plague and yellow-fever. Preventive Medicine Departments have been established and are operating in ten different medical schools. Maternal and Child Health Care Centers are now operating in five Northeast States providing health and nutrition education to over 1400 women's clubs. Public Health Planning Courses have been conducted locally for over 125 Public Health workers; an additional 36 leaders have received training in the U. S. and six more are presently studying in a 4 months Public Health Planning workshop at Johns Hopkin's Hospital.
The U. S. Loan funded Malaria Eradication program continues under monitoring and advisory services of a grant funded PASA advisor. A. I. D. is focusing assistance on a number of different alternatives for adding protein to Brazilian diets through enriching wheat flour with lysine for school lunch programs; research and testing manioc fortified with soy in the Northeast; assisting marine research in the preparation and production of FPC for human diets.

FY 1972 Program: Continue the services of the Malaria Advisor, PASA, ($36,000) to provide loan monitoring and to advise and assist Brazilian public health officers in planning and guiding the project. Also advise U. S. loan funded technicians (5) working in the project. Continue work in Public Health Planning with emphasis on installing in Brazil a Health Planning Training program patterned after that offered at Hopkins; ($45,000) for short-term PASA advisors. Launch food fortification demonstration projects at five Brazilian Food processing/preparation institutions with emphasis on furthering existing food processing and marketing research. ($105,000) will provide a full time direct-hire nutritionist and eight short-term consultants.

U. S. Technicians: One full time A.I.D. Advisor (nutritionist), One full time PASA Advisor (Malaria), Nine short-term PASA Consultants.

Participants: Thirty-eight short-term participants of which 10 will study food fortification and 28 Public Health Planning.

Commodities: Training materials

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/70	14,801	14,658	143
Estimated FY 71	294	290	
Estimated through 6/30/71	15,095	14,948	147
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	236	-	15,331

Cost Components	OBLIGATIONS: Estimated FY 1971 Direct AID	Estimated FY 1971 Contract/Other Agency	Estimated FY 1971 Total	Proposed FY 1972 Direct AID	Proposed FY 1972 Contract/Other Agency	Proposed FY 1972 Total
U S. Technicians	24	94	118	22	80	102
Participants ..	75	-	75	133	-	133
Commodities	100	1	101	-	1	1
Other Costs	-	-	-	-	-	-
Total Obligations	199	95	294	155	81	236

PRINCIPAL CONTRACTORS/AGENCIES
John Hopkins Univ.
School of Medicine

PROJECT DATA

Project Title	Sector	Funds
Education Administration & Planning--Fundamental & Secondary	Education and Manpower Training	T.C.
Project Number: 512-11-620-296	Prior Reference: Pp. 21 & 29, FY 71 A.P.D.B.	Initial Obligation: FY 1963 / Scheduled Fin. & Oblig.: FY: 1977

Project Purpose: To strengthen the Ministry of Education (MEC)'s capacity to do broad planning in the primary and secondary education areas, and to assist MEC to (a) develop state education planning agencies and (b) strengthen the administrative and managerial capabilities of state secretariats. DEFM (Secondary Education Planning Unit) is the counterpart unit within MEC. The project was restructured following MEC's decision to deal with elementary and junior high levels as one system of fundamental education. The project now incorporates pertinent elements of former projects (037) Elementary Education and (042) Secondary and Industrial Education. All other activities under these two projects have been terminated.

Progress to Date: With A.I.D. assistance DEFM now has a staff of 20 professionals. It serves as MEC's technical assistance arm in the new Department of Fundamental Education. With DEFM assistance, four states prepared plans qualifying them for funding under A.I.D. Education Sector Loan I. DEFM is now assisting six additional states in the preparation of development plans. An analysis of administrative capabilities of Northeast State Education Secretariats has been launched. The Government of Brazil now places a very high priority on education and MEC is aggressively implementing a three-year plan with federal expenditures for education rising from $3 billion in 1969 to $5 billion by 1973. Over 250 educators, education planners and school administrators have received advanced training in the U.S.

FY 1972 Program: Efforts will continue to further strengthen State Secretariats of Education's capacities plan and administer comprehensive statewide educational development programs and to develop and conduct in-serv teacher training. Work will be concentrated in the fou states participating in Education Sector Loan I and the six to qualify for support under Sector Loan II. Comparable but less intensive assistance will be provid to an additional 8 states. This work will be implement under two contracts, i.e., San Diego State College (SDS ($411,000) and State University of New York (SUNY) ($200,000).

U.S. Technicians: Three direct-hire to monitor and manage the project. Six SDSC advisors to work with MEC DEFM on educational planning and four SUNY advisors to assist State Secretariats of Education on administratio Also 29 man-months of short-term advisors.

Participants: Twenty M.A. candidates, five long-term candidates and fifteen short-term participants will stu under contract at SDSC and SUNY, and 28 direct A.I.D. participants at selected U.S. institutions.

Commodities: Educational materials under the contracts

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unexpended
Through 6/30/70	5,292	4,505	787
Estimated FY 71	849	1,028	-
Estimated through 6/30/71	6,141	5,533	608
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	836	3,639	10,646

Cost Components	OBLIGATIONS: Estimated FY 1971 Direct AID	Contract/Other Agency	Total	Proposed FY 1972 Direct AID	Contract/Other Agency	Total
U.S. Technicians	64	478	542	76	484	560
Participants	198	104	302	179	124	303
Commodities	-	5	5	-	3	3
Other Costs	-	-	-	-	-	-
Total Obligations	262	587	849	255	611	866

PRINCIPAL CONTRACTORS/AGENCI

San Diego State College (SDSC)

State University of New York (SUNY)

Country Brazil — PROJECT DATA — TABLE 1a

Project Title	Sector	Funds
Higher Education	Education and Manpower Training	T.C.
Project No. 512-11-660-263	Project Agreement: b. 23, FY 71 LA P.D.D.	Initial Obligation: FY: 1959 — Scheduled Final Obligation: FY: 1973

Project Scope and Course of Action: The purposes of this project are to: (1) assist in the development of Master's Degree programs in economics at the Institute of Economic Research (IPE), University of São Paulo, and other selected universities; (2) institute improved administration practices and organization at selected Brazilian universities; (3) foster the development of a core-group of competent research chemists in Brazil; and (4) initiate research projects at three Brazilian universities.

Progress to Date: The M.A. program in economics was inaugurated at IPE in January 1970, with enrollment of 10 students. The IPE staff has been enlarged to 15 full-time professors, including one Ph.D. and 6 M.A.'s trained overseas. During 1970, IPE staff, assisted by A.I.D. advisors, conducted 12 intensive courses attended by 90 professors of economics from other universities. At present 58 Ph.D. and 9 M.A. candidates are studying in the U.S. Most of these will return to join the economics departments of either IPE or three other Brazilian universities. During 1970, 25 U.S. university administrators advised 35 Brazilian universities on various aspects of administrative and organizational reform. Fifty university administrators attended four-week courses at the University of Houston and ten others completed ten-week in-service training programs at other U.S. universities. An additional 150 Brazilian administrators attended administrative reform seminars in Brazil. Eight U.S. post-doctoral research fellows are working on chemistry research projects at three Brazilian institutions. One project, in physical chemistry, is already comparable in quality to similar work in the U.S. In 1971, 84% of the IPE budget will come from Brazilian sources, compared with 50% in 1969. Brazilian contributions to the chemistry research project will be roughly 60% of the U.S. contribution.

FY 1972 Program: Assist further development of graduate economics education (Vanderbilt, $251,000); continue university administrative reform (Houston, $221,000); continue collaborative effort in chemical research, with ten new U.S. fellows to replace the first group (NAS, $100,000); and train 90 present or prospective staff members of Brazilian institutions ($549,000).

U.S. Technicians: One direct-hire to supervise; two Vanderbilt economists for IPE; one long-term advisor and 25 short-term Houston consultants on university reform; 10 NAS fellows in chemical research.

Participants: Contract--23 extensions in graduate economics programs; 12 short-term participants in university administration; 4 short-term participants for post-graduate work in chemistry. Direct-A.I.D.--11 extensions in graduate economics; 80 long-term specialized participant programs.

Commodities: Books, publications, training materials.

Other Costs: Local and international travel costs.

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/70	4,876	3,389	1,487
Estimated FY 71	1,582	1,345	-
Estimated through 6/30/71	6,458	4,734	1,724
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	1,230	1,220	8,508

Cost Components	Estimated FY 1971 Direct AID	Estimated FY 1971 Contract/Other Agency	Estimated FY 1971 Total	Proposed FY 1972 Direct AID	Proposed FY 1972 Contract/Other Agency	Proposed FY 1972 Total
U.S. Technicians	27	444	471	29	403	432
Participants	626	457	1,083	549	217	766
Commodities	-	6	11	-	6	6
Other Costs	10	7	17	-	26	26
Total Obligations	668	914	1,582	578	652	1,230

PRINCIPAL CONTRACTORS/AGENCIES

Vanderbilt University
University of Houston
National Academy of Sciences (NAS)

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE	SECTOR		FUNDS
Technical, Scientific and Educational Publications	Education and Manpower Training		T.C.
PROJECT NUMBER 512-11-691-127	PRIOR REFERENCE Pg. 25, FY 71 LA P.D.B.	INITIAL OBLIGATION FY 1963	SCHEDULED FINAL OBLIGATION FY 1972

Project Target and Course of Action: To assist the Brazilian Government's efforts to develop a sustained program of textbook distribution to schools at no cost to elementary and secondary schools and at low prices to university students. The program is administered by a Brazilian Technical Book and Textbook Commission (COLTED) of the Ministry of Education and Culture with the participation of the Brazilian Book Publishers Association (SNEL), and technical assistance by A.I.D. in areas of textbook writing, production, and utilization. Program Loan counterpart cruzeiros are used to purchase and distribute textbooks at all educational levels. In a separate program, books are translated and adapted for use in other assistance projects. It is expected that grant funding for these activities will terminate in FY 72, and that further USAID support for Brazilian textbook programs will be funded from an educational sector loan.

Progress to Date: To enable teachers and local school officials to participate in textbook selection; and to serve as nuclei for library development, demonstrational collections have been sent to 3700 schools in 3950 Brazilian municipalities. A total of 30,390 collections containing 11.4 million books have been sent to schools throughout the country. In an attempt to provide one textbook per subject matter per student, 7.5 million books were directly issued to 78 Brazilian municipalities. Through regional seminars, 150,000 elementary teachers were trained in textbook utilization. In addition, 309,000 teachers manuals and guides have been distributed. State textbook commissions and state demonstration material centers are now functioning in 17 states. Project accomplishments directly contribute to two important sector goals; increased use of improved instructional materials and more effective teachers. There is even some evidence that utilization of high-wuality textbooks reduces drop-out and failure rates. Through FY 1971, GOB will have contributed the equivalent of $3.5 million to the COLTED program.

FY 1972 Program: Textbooks will be issued directly to 158 municipalities and teacher training programs will continue. The project during its last year will focus on the training of personnel with key roles in the production of high-quality, low-cost textbooks, publishers and editorial managers.

U.S. Technicians: One direct-hire advisor to monitor the project and arrange participant training programs.

Participants: Twenty short-term (direct A.I.D.) participants in publishing, editorial management, and textbook writing.

Commodities: None

Other Costs: None

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/70	980	874	106
Estimated FY 71	163	232	-
Estimated through 6/30/71	1,143	1,106	37
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	106	-	1,249

Cost Components	OBLIGATIONS: Estimated FY 1971 Direct AID	Estimated FY 1971 Contract/Other Agency	Estimated FY 1971 Total	Proposed FY 1972 Direct AID	Proposed FY 1972 Contract/Other Agency	Proposed FY 1972 Total
U.S. Technicians	27	109	136	28	-	28
Participants ..	22	-	22	78	-	78
Commodities ..	-	5	5	-	-	-
Other Costs ...	-	-	-	-	-	-
Total Obligations	49	114	163	106	-	106

PRINCIPAL CONTRACTORS/AGENCIES

Country: BRAZIL

PROJECT DATA

TABLE III

PROJECT TITLE	SECTOR		FUNDS
Development Planning and Administration	Education and Manpower Training		T.C.
PROJECT NUMBER 512-11-990-122	PRIOR REFERENCE p. 28, FY 71 LA P.D.B.	INITIAL OBLIGATION FY: 1962	SCHEDULED FINAL OBLIGATION FY: 1974

Project Target and Course of Action: To strengthen planning, administration and management at national, state and local levels to achieve improved allocation of resources for social and economic development. To reach these goals, the project will upgrade research and administration processes; help improve federal tax administration; assist in the development and installation of important financial management and control techniques; improve census data collection and statistical services; and provide assistance to Northeast regional administration training centers.

Progress to Date: The University of California (Berkeley) has assisted the Brazilian Institute of Economic Studies (IPEA) to complete macroeconomic studies in the major sectors of the Brazilian economy. Multi-year economic plans and investment budgets have been produced. Over 30 participants from the Ministries of Planning and Finance and state regional planning agencies are engaged in graduate-level work in economic planning in the U.S. The IPEA library has acquired over 400 new titles. U.S. Internal Revenue Service and Brazilian Secretariat of Federal Receipts efforts have resulted in a 225% increase of revenues in 1970 over 1966. Under the Griffenhagen-Kroeger Contract, the Ministries of Finance and Planning have established an effective central mechanism for coordinating all aspects of fiscal administration. There is increased recognition of the annual budget as a comprehensive financial control tool; greater cash flow control has been achieved; and improved financial status reports are produced on a timely basis. With the assistance of the U.S. Bureau of Census, the Brazilian Institute of Geography and Statistics (IBGE) completed regular data collection during the past eight quarters, published household sample surveys and trained 15 statisticians and cartographers in the U.S. Three regional centers for training public servants have been established in the Brazilian Northeast and over 9,000 have been trained to date. A Council of Directors of Schools of Administration in the Northeast has been established and is functioning.

FY 1972 Program: Completion of U.S. assistance in budget and fiscal reform (Griffenhagen-Kroeger, $127,000) and tax administration (IRS, $240,000). Feasibility studies ($70,000) are planned in connection with project formulation; a Bureau of Census advisor ($45,000) to assist IBGE; and continued administrative training in the Northeast.

U.S. Technicians: Three direct-hire project managers; two budget/fiscal contract advisors, plus six man-month consultants; five IRS tax advisors, plus short-term consultants; one statistical advisor from the Bureau of the Census.

Participants: Two long-term and 99 short-term participants from government organizations and universities will train in the U.S. (Bureau of Census, IRS, Univ. of Conn., etc.) in public administration.

Commodities: Training aids, books and publications.

Other Costs: Demonstration materials and supplies.

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/70	3,820	3,141	679
Estimated FY 71	964	1,120	-
Estimated through 6/30/71	4,784	4,261	523
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	922	135	5,841

Cost Components	OBLIGATIONS Estimated FY 1971 Direct AID	Estimated FY 1971 Contract/Other Agency	Estimated FY 1971 Total	Proposed FY 1972 Direct AID	Proposed FY 1972 Contract/Other Agency	Proposed FY 1972 Total
U.S. Technicians	68	603	671	110	481	591
Participants ...	281	-	281	325	-	325
Commodities	-	1	1	-	1	1
Other Costs	11	-	11	5	-	5
Total Obligations	360	604	964	440	482	922

PRINCIPAL CONTRACTORS/AGENCIES

Griffenhagen-Kroeger, Inc.
U.S. Internal Revenue Service
U.S. Bureau of Census

PROJECT DATA

PROJECT TITLE	SECTOR	FUNDS
Labor	Education and Manpower Training	TC
PROJECT NUMBER 512-11-410-028	PRIOR REFERENCE: Pg. 18 FY'71, LA P.D.B. / INITIAL OBLIGATION FY: 1961	SCHEDULED FINAL OBLIGATION FY: 1972

Project Target and Course of Action: To promote free democratic trade union development in Brazil by strengthening institutional competence through leadership training and expanded service to trade unions; to assist the Ministry of Labor to design and implement programs to improve worker productivity and benefits and understanding of trade union movements in the U. S. and Brazil.

Progress to Date: Fifty-four Labor Ministry officials have trained in the U. S. and eight union leaders studied at the University of Puerto Rico and received orientation from AFL-CIO counterpart unions. The Ministry of Labor initiated publication of a monthly Cost of Living Index for 13 principal cities. The Instituto Cultural do Trabalho (in English) (ICT) has planned and conducted regional training seminars for approximately 20,000 unionists and provided 21 training courses for 570 students. Using AID funds, AIFLD assisted in the development of 144 small social projects for Brazilian labor groups. AIFLD coordinated the construction of community service centers for rural worker federations in Alagoas, Sergipe, and Pernambuco. In the rural union movement AIFLD collaborated with GOB agencies to extend ICT training in 22 courses for 680 students. Programs included literacy training, nutrition, domestic skills, manual trades, cooperatives, farming techniques, agrarian reform and agrarian legislation.

FY 72 Program: AIFLD will continue emphasis in worker education and assistance to self-help impact and rural projects. Training and advisory assistance will be concentrated in two areas in Brazil's Ministry of Labor: the Departments of National Salary and Hygiene and Industrial Safety. (AIFLD, $625,000; Labor PASA, $8,000)

U. S. Technicians: Seven AIFLD contract advisors for worker education and social projects. Two short term PASA consultants on wage and salary problems and hygiene and industrial safety.

Participants: Seven direct-AID and ten contract funded participants will train in the U. S.

Other Costs: Expenses for training programs in Brazil, publication of follow-up material, funding small impact projects. One TCN education advisor to work with ICT and twenty-three local staff at AIFLD headquarters and field offices.

U S DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/70	4,307	3783	524
Estimated FY 71	508	687	
Estimated through 6/30/71	4,815	4470	345
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	675	-	5,490

OBLIGATIONS

Cost Components	Estimated FY 1971 Direct AID	Estimated FY 1971 Contract/Other Agency	Estimated FY 1971 Total	Proposed FY 1972 Direct AID	Proposed FY 1972 Contract/Other Agency	Proposed FY 1972 Total
U S Technicians	12	148	160	8	192	200
Participants....	28	8	36	42	8	50
Commodities....	-	-	-	-	-	-
Other Costs	-	312	312	-	425	425
Total Obligations	40	468	508	50	675	675

PRINCIPAL CONTRACTORS/AGENCIES

U. S. Department of Labor

American Institute for Free Labor Development (AIFLD)

Country. BRAZIL

PROJECT DATA

TABLE II

PROJECT TITLE	SECTOR		FUNDS
Industry and Commerce	Industrial and Urban Development		T. C.
PROJECT NUMBER 512-15-950-227	PRIOR REFERENCE Pg. 27, FY'71 LA P.D.B.	INITIAL OBLIGATION FY: 1965	SCHEDULED FINAL OBLIGATIO FY: 1975

Project Target and Course of Action: To promote a sound, effective expansion of Brazilian capital markets, private industry and foreign trade through: (1) assistance to small and medium industries, (2) training, (3) establishing a center for Capital Markets Research and Development, (4) institutionalization of comprehensive programs on capital markets.

Progress To Date: (1) Brazil's stock exchanges incorporated valuable recommendations made by U. S. advisors which, along with a more effective government role, a $500,000 promotional program, an investment of $1.2 million in modern communication equipment and A.I.D. sponsored training programs, account for outstanding improvement in stock exchange operations. (2) Some 300 Financial executives completed an eight-month training program on capital markets given in Brazil by the Getulio Vargas Foundation, (GVF) and New York University (NYU). In addition 72 key financial executives completed a ten week course on "Control and Regulation of Capital Markets". To supplement GVF teaching staff, A.I.D. is providing further U. S. training to six GVF professors. (3) A.I.D. is also providing comprehensive training programs to eight Industrial Productivity Center (CENPI) engineers who will assist Brazilian industry to increase productivity, and five officers of the Department of Industrial Property (DNPI) on a patent and trademark administration.

FY 1972 Program: A.I.D. will continue to assist (1) the Central Bank and IBMEC (Brazilian Capital Market Institute) and (2) the SUDENE to develop small and medium industries in order to create more employment and increase purchasing power in the Northeast.

U. S. Technicians: Eight short-term advisors to assist the Central Bank and IBMEC in establishing the Capital Markets Research Center. These advisors will conduct seminars and specialized courses in capital markets. Three long-term advisors to assist SUDENE develop small and medium industries in the Northeast region; one direct-hire to coordinate and supervise the project.

Participants: Fourteen short-term participants in small and medium industry management.

Comodities: Training aids, books and publications.

Other Costs: None

U S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/70	555	417	138
Estimated FY 71	91	188	
Estimated through 6/30/71	646	605	41
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	303	690	1,639

Cost Components	OBLIGATIONS					
	Estimated FY 1971			Proposed FY 1972		
	Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total
U S Technicians	33	56	89	33	195	228
Participants....	-	-	-	70	-	70
Commodities ...	-	2	2	-	5	5
Other Costs . ..	-	-	-	-	-	-
Total Obligations	33	58	91	103	200	303

PRINCIPAL CONTRACTORS/AGENCIES

CONTRACTOR NOT YET DETERMINED.

COUNTRY TITLE | PROJECT DATA | TABLE I

PROJECT TITLE	SECTOR	FUNDS
Training for Regional Development-NE	Program Development and Support	T.C.
PROJECT NUMBER 512-15-595-268	PRIOR NARRATIVE p. 29, FY 71 L.A.P.D.B.	INITIAL OBLIGATION FY: 1971 / SCHEDULED FINAL OBLIGATION FY 1977

Project Target and Course of Action: To help meet critical needs for trained manpower in major fields of activity in Northeast Brazil. Trained manpower shortages retard development by impairing the quality of planning, the functioning of government services and bank operations, and by impeding industrial efficiency. To help break bottlenecks in these areas, this program provides training opportunities, otherwise unavailable, for personnel who can be upgraded to fill key positions. Selection of participants is made in cooperation with the Northeast development agency (SUDENE).

Progress to Date: Over 125 participants have received training in the U.S. and third countries in development banking, industrial expansion, fish and agriculture production, public administration operations and reform, public finance, and development planning.

FY 1972 Program: 100 participants will be trained for a total of 400 man-months in agriculture credit and extension services, natural resources survey and development techniques, industrial expansion and diversification, sanitary engineering, education finance, investment incentives, and other fields. Priority is given to training (a) leaders at the state level and (b) investment analysts and development specialists for development banks and agencies in the region.

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/70	-	-	-
Estimated FY 71	400	148	-
Cumulative through 6/30/71	400	148	252
		Future Year Obligations	Estimated Total Cost
Proposed FY 72	350	1,600	2,350

Cost Components	OBLIGATIONS Estimated FY 1971 Direct AID	Contract/Other Agency	Total	Proposed FY 1972 Direct AID	Contract/Other Agency	Total
U.S. Technicians	-	-	-	-	-	-
Participants	400	-	400	350	-	350
Commodities	-	-	-	-	-	-
Other Costs	-	-	-	-	-	-
Total Obligations	400	-	400	350	-	350

PRINCIPAL CONTRACTORS/AGENCIES

Describe AID's projects and programs in the Northeast

AID assistance to the Northeast is provided through projects entered into directly with the Northeast Regional Coordinating Agency (SUDENE) and with state governments and agencies or branches of Federal agencies. In addition, a significant percentage of assistance to nationwide projects is channelled to the Northeast. The following information is broken down into these two broad categories: (FY71 obligations are in thousands of dollars)

A. Current direct northeast projects

1. *Agricultural Education—University of Ceará—(FY71—$447)*—This project is designed to attack productivity problems and the lack of trained agricultural manpower through the upgrading of the agricultural school of the University of Ceará. Emphasis is on undergraduate curriculum, training of faculty, creation of a research capability and graduate programs, and improved extension services. Services of U.S. contract advisors (University of Arizona) and short-term consultants are provided as well as participant training at the graduate level and limited commodity assistance.

2. *Fish Production, Processing and Marketing—(FY71—$110)*—This project is to increase production of animal protein through utilization of freshwater ponds and reservoirs. The National Department of Works Against Drought (DNOCS) is being assisted in developing freshwater fish resources through the establishment of a fish research institute and identification of exploitable fish species. Technical assistance is being provided by two PASA's from the National Marine Fisheries Service (scheduled to terminate in June 1971) and two advisors under a contract with Auburn University. Participant training and fish research commodities are also provided.

3. *Rural Rehabilitation and Reform—(FY71—$375)*—The purpose of this project is to assist the Northeast in the modernization of the sugar agro-industry, diversification of agriculture, and land reform in the sugar zone. Assistance is being provided to the Special Group for Reform of the Northeast Sugar Agro-Industry (GERAN) in the form of three development planning advisors (Clapp & Mayne contract), a cane transportation expert (Agro-Tech Associates contract), and agricultural vocational training (Task Order to University of Arizona contract). Participant training is also a substantial element of assistance.

4. *Training for Regional Development—(FY71—$400)*—This activity is designed to make in-roads into the shortage of trained, qualified manpower which exists in every significant field of development activity in Northeast Brazil. Many participants are from sectors not otherwise financially or technically assisted by AID. Over one hundred participants are trained each year in the U.S. and third countries under this project. (Additional participants are trained with specific project-related funds.)

5. *Regional Centers for Administration and Training—(FY71—$130)*—The purpose of this project is to improve local government through assistance to public administration training centers. Participant training is a key element in the project. Short-term technical assistance will be rendered through a university contract.

6. *Assistance to Small and Medium Industry—(FY71—$210)*—The purpose of this project (which is not fully developed) is to assist SUDENE (the Northeast development agency) to expand small and medium industry in order to create more jobs and purchasing power. A commercial contract is anticipated which will provide assistance in business management training.

7. *Export Promotion Centers (NE)—(FY71—$170)*—This project is being developed in response to SUDENE initiatives in the establishment of export promotion centers in three Northeast cities. The centers will provide information to businessmen on export procedures, foreign markets, and potential export goods. The goal is to utilize installed industrial capacity and agricultural potential, thereby increasing employment and incomes. One long-term and several short-term advisors are planned to be provided through a commercial contract.

8. *Elementary Education and Curriculum Improvement—(FY71—$425)*—This project has provided assistance to Northeast State Secretariats of Education in the fields of education supervisor training and curriculum development through direct-hire and contract (State University of New York) advisers since 1962. The project is being merged with a national program entitled "Education Administration and Planning".

9. *COHEBE* (*$10.7 million loan*)—The loan provides U.S. equipment and engineering services for a hydroelectric plant and transmission lines. The project is located between the states of Maranhao and Piaui, in one of the poorest areas of the country.

B. National Projects Benefitting the Northeast

1. Active Loans

[In millions of dollars]

Purpose	Total amount	NE dollars total
Agricultural research	11.9	3.0
Urban sanitation	25.0	21.25
Education II	50.0	25.0
Rural roads	25.0	15.0
NE agricultural wholesale markets	15.0	15.0
Electrical power technical assistance	2.0	.2
Air navigation aids	2.7	1.3
Highway maintenance equipment	12.9	1.3
Feasibility study	11.0	3.3
Survey of mineral and water resources	8.4	2.5
Highway engineering	.4	.1
Malaria eradication	10.3	2.6
Statistical development	5.8	1.8
Educational	32.0	6.7
Health (water supplies)	15.4	3.1

2. Active Grants

There are 25 national development grant projects which benefit the Northeast. Examples include tax administration, educational planning, AIFLD, graduate economics education, cooperatives, statistical development, etc. The average Northeast component is estimated to be 28%. The FY71 obligations for these projects were $5,749,000.

How much AID money in total has been spent in the Northeast? [1]

(*FY 62–71, millions of dollars or equivalent*)

1. Direct dollar grants	31.6
2. Direct dollar loans	56.3
3. NE share (28%) of national dollar grant projects	33.1
4. NE share of national dollar loan projects (44%)	103.8
5. Direct NE Cruzeiro allocations (U.S. owned or controlled)	139.6
6. Program loan generated counterpart—NE share (28%)	[2] 126.1
7. Public Law 480, title I counterpart NE share (28%)	[2] 33.8
8. Direct NE program support—local currency U.S. controlled	15.4
9. National program support—NE share (28%) local currency—U.S. controlled	6.6
Total	[3] 546.3

[1] Excludes PL 480 Title II. See next table

[2] In terms of resource flows, counterpart allocations are a more accurate indication of NE share than is the use of the foreign exchange.

[3] The comparable figure for Brazil as a whole is $1878.2 million. The NE share is 29%.

How much in total has been provided through the Food for Peace Program?

PUBLIC LAW 480, TITLE II, USAID/BRAZIL—SUMMARY ESTIMATES

[In millions]

	1954–65	1966	1967	1968	1969	1970	1971	Total
Brazil.								
Northeast	51.8	6.6	7.2	10.8	7.1	6.7	11.6	101.8
North	8.6	1.7	1.7	2.0	1.5	1.7	1.9	19.1
Rest of Brazil	112.5	13.8	15.2	14.3	8.5	8.9	16.6	189.8
Total	172.9	22.1	24.1	27.1	17.1	17.3	30.1	310.7

Notes: Northeast includes Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe and Bahia. North includes Amazonas, Pará, Roraima, Amapá.

How serious is the drought situation in the Northeast? How is the Brazilian government responding to this situation? How is AID responding?

Seriousness of the Drought:

The Northeast Drought Polygon is composed of 886,000 square kilometers (342,000 square miles), or over 10% of the total Brazilian land mass. The area is larger than the state of Texas; about 13 million people, or 20% of the total population of Brazil live there. The average annual rainfall varies widely from year to year. A few heavy showers frequently account for practically the entire annual precipitation. Such downpours on parched soils often create excessive runoff and local flooding.

During the four hundred years ending in 1959 there were a total of 55 droughts so severe as to cause wide-spread crop failure, an average of 1 every 7.3 years. While a number of relatively small areas are affected annually, there has since 1559 been one wide-spread drought of 5 years' duration; 5 of 3 years; 8 of 2 years and 19 of 1 year's duration. Most of the population in the Drought Polygon resides in small villages and on individual farms. They are largely dependent upon subsistence agriculture, have almost no reserves of food, inadequate credit and are quick to suffer when droughts hit. In past droughts wide-spread emigration to neighboring cities and to southern urban centers has occurred. Frequently those emigrating are the better educated, possessing a trade skill, leaving the more marginal families to subsist in the area.

First evidence of an impending drought of possible serious proportions developed in February, 1970 when the normal rainfall in December, January and February failed to occur. Initially, the hardest hit was the state of Piauí. Gradually the drought spread eastward, eventually covering eight states. Most recently it has extended even into areas of the coastal litoral sugar zone.

The numbers of persons directly affected by the drought are estimated at between 7 and 8 million. However, the effect on the entire economy of the eight affected states has indirectly touched an even larger number. The effect of the drought on agricultural production tells the story. Comparing 1970 to 1969, the 4 principal northeastern food crops (beans, rice, corn and manioc) suffered an average decline of 39%. Cotton, a major non-food export crop, was down 57%. Since most Northeast cotton is grown by peasant farmers, dependent on market receipts to buy dietary staples, the effect of this decline on rural living conditions is significant (see attached table for the effect on principal crops grown in these states).

NORTHEAST[1] AGRICULTURAL PRODUCTION, 1967–1970

[In thousands of metric tons]

Product	1967	1968	1969	1970	Percen, change 1969–70
Cotton	813	875	864	374	−56.7
Beans	951	890	818	422	−48.4
Corn	1,789	1,704	1,597	919	−42.5
Rice	983	1,107	1,037	624	−39.8
Cacau	187	141	203	[4] 150	−26.1
Manioc	11,302	12,392	13,009	9,615	−26.1
Sisal	319	329	311	316	+1.6
Bananas	159	174	189	(2)	(2)
Oranges[3]	1,547	1,673	1,718	1,768	+2.9
Sugarcane	25,779	27,488	27,212	[4] 28,000	+2.9
Castor beans	237	245	260	274	+5.4
Sweet potatoes	627	576	588	632	+7.5
Tomato	180	217	170	192	+12.9
Tobacco	52	63	60	69	+15.1
Côco (Bahia)[3]	785	648	612	738	+20.5
Pineapple[3]	120	119	128	235	+83.9

[1] Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe, Bahia.
[2] Not available.
[3] 1,000 fruits.
[4] Estimate.

Sources: Adapted from the Anuário Estatístico, 1970; BNB and Sudene reports.

The Government of Brazil's and AID's Response:

As the effects of the drought spread across the eight Northeast states, SUDENE, a federal agency responsible for northeast development, organized a coordinated response. Between June 4–6, 1970, President Medici visited the drought-stricken region and on June 16 he declared a state of national emergency. The GOB initially allocated $15 million in federal funds for use by SUDENE to enlarge the public works, CCC type projects (called work fronts) that it established to employ the drought victims.

In early June SUDENE had established 2 committees to deal with the situation:

(1) An emergency committee chaired by the Deputy-Superintendent; and

(2) A permanent executive committee for food supply for the Northeast, composed of representatives of the SUDENE Planning Department, as well as the Price Control agency (SUNAB), the Marketing Department (COBAL), and the Warehousing Organization (CIBRAZEM), all three of the Ministry of Agriculture.

The Governors of the drought-stricken state, who sit on the Council of SUDENE, met to plan a coordinated response.

In October 1970 the Federal Government established GEACAP (Special Group for Public Calamities). This entity, composed of representatives of all major ministries, the Red Cross and similar private organizations is subordinated directly to the Secretary General of the Ministry of Interior. Since it was organized it has worked with SUDENE and the Northeast state Governors.

On April 17, 1970 SUDENE first requested USAID's assistance, namely 517 metric tons (mt) of Title II wheat flour to be used together with other Brazilian purchased foods to assist those affected by the drought in four states (Piauí, RGN, Paraíba and Pernambuco).

Meanwhile, SUDENE employed large groups of workers to construct small dams and wells, and to repair and improve rural roads, etc. By July 1, 1970 SUDENE had established 85 work fronts employing 239,000 workers. By July 20th, it was employing 330,000 workers on 114 projects in eight states, benefitting 1,650,000. At the peak of the public works program, an estimated 500,000 workers were employed benefitting, thereby, approximately 2.5 million persons directly, of the 7.7 million estimated to be severely stricken. The monthly cost to SUDENE was $7.3 million of which $6.3 million was paid in wages to the workers at the rate of Cr$2,00 per day (less than 50¢ per day).

PUBLIC LAW 480, TITLE II, U.S. FOOD COMMODITIES APPROVED FOR DISTRIBUTION BY SUDENE TO MEET NE DROUGHT EMERGENCY

Approved by program determination signed August 7, 1970

	In metric tons
Wheat flour	3,696
Bulgur	2,464
Cornmeal	1,971
Nonfat dry milk	986
Vegetable oil	837
Total	9,954

Approved by program determination signed February 11, 1971

Bulgur	10,800
Corn, soy milk blend	7,200
Corn	4,320
Total	22,320
Total approved	
Total utilized by May 1, 1971	16,000

In addition to these wages, SUDENE has distributed food commodities to the workers and their families. In June, 1970 SUDENE again approached USAID to request 9,954 mt of P.L. 480 Title II commodities to be used for supplemental feeding for 1,232,000 workers and their dependents for two months. The estimated CCC value was $1.7 million.

SUDENE also contributed substantial quantities of domestically produced foods including beans, rice, sugar, coffee, etc. In addition, it contributed 457 mt of corn; 62 mt of cornmeal and 149 mt of vegetable oil representing 20% of the U.S. corn and 15% of the U.S. vegetable oil contribution.

In December, 1970 SUDENE requested a further U.S. contribution for supplemental feeding of large numbers of drought afflicted victims to support the expanding work front projects. They requested an additional 22,320 mt of Title II commodities for distribution as partial payment-in-kind, with a CCC value of $2,931,800.

Throughout the last year, isolated incidents have occurred where unemployed workers (called "flagelados") have stopped trains, warehouses have been broken into and usually peaceful demonstrations held. Frequently these demonstrations were to request that a work front project be organized in the municipality. Most recently, in the sugar zone where drought-affected workers from the drier areas traditionally seek employment during the cane-cutting season, workers have stayed on after the end of the harvest, and are creating a difficult situation for local officials. But such incidents are sporadic and appear to be well handled by the new State Governors who took office on March 15, 1971.

Since scattered rains arrived in January of 1971, SUDENE has gradually closed projects to permit the workers to return to their land for planting. Nevertheless, as of February 5, 1971 approximately 442,000 workers were still employed on 141 work front projects.

The 1971 planting season is now underway in all eight states. Unfortunately, the first two plantings were lost due to continued drought conditions in many areas. The lack of seeds and of credit has created a serious situation, although normal rainfall is general. In late January SUDENE signed an agreement with the Northeast state governments to distribute seeds through the State Secretariats of Agriculture at low prices.

In some areas in the eastern-most part of the NE (Alagoas, Pernambuco. Sergipe and Bahai) the drought conditions have continued.

Therefore, SUDENE proposes to close its emergency work front projects on a carefully scaled basis. Since it expects to close all of them by May 30, 1971, in mid-April it requested USAID to cancel, to the extent possible, remaining shipments of P.L. 480 Title II commodities.

Other Assistance:

In addition to the response to the drought situation by SUDENE, three of the individual state governments, with USAID's concurrence, rapidly expanded their on-going P.L. 480, Title II, food for work development projects that have been underway for the last five years (Ceará, RGN and Paraíba).

The Brazilian counterparts of three U.S. voluntary agencies—Catholic Relief Services, Church World Service and Lutheran World Relief have also provided considerable assistance to drought-affected workers and their families. By rescheduling amounts originally programmed for southern Brazil, it is estimated that these voluntary agencies added approximately 6,000 mt of P.L. 480, Title II, commodities to work-type and family type projects in the drought-affected area.

In Conclusion:

In summary, the various Brazilian governmental and private voluntary agencies responded to the severe Northeast drought with alacrity and good organization. SUDENE fulfilled its coordinating role and may be credited with having diffused a potentially explosive situation.

Although the worst of the drought appears to have ended due to the arrival of seasonal rains now covering a large area, SUDENE and the voluntary agencies continue to program projects of rehabilitation and agricultural development.

By May 1, 1971, SUDENE had used 16,000 mt of P.L. 480, Title II, commodities at an estimated U.S. cost, including ocean freight, of $3.1 million. The voluntary agencies have programmed approximately 6,000 mt at a cost of $1.2 million. Expanded food for work and other on-going Food for Peace programs in the most severely hit states are estimated to have used an additional 2,500 mt at a cost of about $500,000.

Thus, it is estimated that the U S. Government response in P.L. 480, Title II, Food for Peace commodities has, to-date, totalled approximately 24,000 mt at a US$ CCC cost, including ocean freight, of $4.9 million. The cost to the Brazilian Government is estimated to exceed $60 million in direct expenditures, not including the loss to the economy of this traditionally poverty-stricken underdeveloped region.

Using standard economic indicators, please contrast the economic situation of the Northeast with that of the South.
1. Area: 620,000 square miles, 19 percent of Brazil.
2. Population:

	Number (millions)	Percent of Brazil
1940	14.4	35.0
1950	18.0	34.6
1960	22.4	31.6
1970 (early census results)	27.3	28.6

3. Growth rates of gross regional product and gross national product (percent per year):

	Brazil	Northeast
1960	9	8
1961	10	7
1962	5	6
1963	2	7
1964	3	4
1965	5	7
1966	5	6
1967	7	7
1968	8	8
1969	9	7

4. Per capita income—Northeast as percent of rest of country:

1950	38
1960	42
1961	40
1962	41
1963	45
1964	49
1965	51
1966	53
1967	54
1968	57
1969	55

5. Ratio of Federal Government expenditures [1] in Northeast to Federal receipts from region:

1965	170
1966	148
1967	188
1968	202
1969	166

[1] Federal tax rebates for investment in the Northeast included in expenditures.

6. 34/18 deposits (during the period of 1962 to 1970, corporations could get back up to 50% of their income taxes if they would deposit these taxes in the bank of the Northeast to be used later in industrial investment projects. They are called the 34/18 deposits after the numbers of the authorizing laws):

	NCr$ millions of 1970
1962	96
1963	75
1964	191
1965	487
1966	536
1967	645
1968	667
1969	729
1970	800
Total (or US$905,000,000)	4,226.9

7. Per capita electric power consumption:

	Northeast percent of Brazil
1961	18
1962	18
1963	20
1964	24
1965	27
1966	29
1967	28
1968	30

8. Share of foreign trade:

	Exports	Imports
1960	23.0	5.0
1969	18.0	6.1

9. Share of industry:

	Northeast as percent of Brazil	
	1960	1968
Textiles	14	12
Food products	8	11
Tobacco	7	17
Perfume, etc.	7	6
Leather	6	7
Chemicals	6	11
Nonmetallic minerals	6	9
Beverages	5	9
Paper	4	3
Clothing and shows	3	5
Furniture	3	4
Printing	3	5
Wood	2	3
Metals	1	3
Others		1
Total	6	7

10 Adult literacy:

	Percent of population	
	Northeast	South
1940	28	54
1950	32	60
1968 (members of work force)	60	90

11. Complete primary school:

	Northeast	South
Percent of population 10 years and older:		
1940	2	7
1950	5	21
1968	12	24

12. Complete secondary school:

	Northeast	South
Percent of population 15 years and older:		
1940	0.5	1.8
1950	1.2	4.6
1968	3.1	5.9

13. Diet—Calories per day:

	Brazil	Northeast
1960	2,900	[1] 2,500
1969	3,100	[1] 2,700

[1] Below 2,000 in poorest groups in cities and in sugar cane area

14. Mortality rates in capital cities:

	Whole population		Less than 1 year old	
	1959/61	1969	1959/61	1969
Northeast	16.8	12.8	149.7	129.1
São Paulo	8.2	9.1	64.8	51.9

15. Average life expectancy, in years:

	1950	1964
Northeast	42	49
Rest of Brazil	48	58

16. Population/physician ratio:

	1960	1968
Northeast	3,900	4,300
Brazil	1,850	1,850

SIZE OF PRESENT AID PROGRAM

Senator CHURCH. What is the size of the AID program to Brazil for the current year?

Mr. ELLIS. For fiscal year 1971, talking about the dollars or people or dollars?

Senator CHURCH. Dollars.

Mr. ELLIS. We have, as I said earlier, authorized $42 million in loans. We have a couple of other loans which may be authorized this fiscal year but I would not expect the total to exceed $65 million this year, probably somewhat less, as compared with the actual figure last year of $75 million. This is loans. Our grant program is also reducing. It was $13 million in 1970 and this year it is $11.2 million. The congressional request for next year is $10.3 million.

Senator CHURCH. What about technical assistance, Peace Corps, and the other components of the AID program?

Mr. ELLIS. I have just mentioned the TC (technical cooperation) figure. The trend in the last 3 years, $13, $11 and $10 million.

Senator CHURCH. The grant program you referred to was technical assistance?

Mr. ELLIS. Yes.

Senator CHURCH. What about the Peace Corps?

Mr. ELLIS. This does not fall under my responsibility but I think I have it here: Peace Corps volunteers as of the end of March: 325. It fluctuated in previous years and reached a peak of 600. There has been a substantial reduction.

Our TC program is more than half in education and agriculture and the remainder is largely in what you might call the administration of our program. Even though our loan program now is fairly small, it tends to have an accumulative effect, a snowball effect, and we continue to administer projects funded many years earlier. So a large share of our people, while they are under the technical assistance program—engineers for example—are involved in the implementation of the loan program. It is estimated that 40 percent of our staff are now involved in implementation of the loan program as opposed to TC projects.

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Senator CHURCH. The total this year will come to less than $100 million.

Mr. ELLIS. With the Public Law 480, Food for Peace, both titles, it might exceed a $100 million by a slight amount.

Senator CHURCH. Around $100 million.

Mr. ELLIS. Around $100 million.

Senator CHURCH. How would that compare with previous years so that I can get some idea of the trend? In totals.

Mr. ELLIS. I think 1965 was the peak year. No; it was $303 million in 1966. It does not include Export-Import Bank. So our present level is a little more than a third of our peak period. We held fairly constant—284, 281, 303—from 1964 to 1966. The real dropoff was 1969.

NUMBER OF AMERICAN AID STAFF

Senator CHURCH. How about your personnel? Your program now is about a third as big as it was. How does the total staff now compare to what it was?

Mr. ELLIS. The total American staff now is 248. At the end of 1966, which is the peak end of year—it may not have been the peak day but the peak end of year—was 433. So it is now less than 60 percent of the peak. The reduction is not proportional to the reduction in dollars. It tends to be proportional to the trend on technical cooperation.

Senator CHURCH. Do you anticipate further reductions in staff?

Mr. ELLIS. Yes, sir.

Senator CHURCH. Are you planning them?

Mr. ELLIS. Yes, sir. I anticipate 15-, 20-percent reduction just on management grounds in the next fiscal year, quite apart from possible reorganization, ceilings imposed, etc.

Senator CHURCH. Mr. Holt.

Mr. HOLT. Thank you, Mr. Chairman.

FEDERAL TAX RECEIPTS

While you were talking about income tax receipts, I dug out a table, which Mr. Dockery and I requested when we were in Rio. It shows that Federal income tax receipts in real terms have increased from a base of 100 in 1961 to an index figure of 215 in 1969, but if my rapid manual calculations are correct, they decreased from 30 percent of total Federal tax receipts to 26 percent of total Federal tax receipts in that period.

(The information follows:)

FEDERAL TAX RECEIPTS

	Total (in current CR$millions)	Income tax (in current Cr$millions)	Income tax (in real terms 1961=100)
1961	282.6	83.7	100.0
1962	444.1	115.6	90.9
1963	845.8	242.9	109.9
1964	1,717.7	482.4	114.6
1965	3,021.6	1,022.6	154.4
1966	4,763.5	1,339.4	146.2
1967	5,026.5	1,549.7	131.7
1968	9,951.6	2,173.1	148.6
1969	14,400.9	3,763.7	214.6
1970	(1)	4,628.0	221.1

[1] Not available.

Source: Minister of Finance.

Mr. HOLT. The main thing I think we ought to elaborate on in the record is the mechanics by which dollar resources are transferred in these sector loans that you described to begin with. Could you tell us in some detail about this in connection with the education loan, for example, which is the biggest of the lot at $50 million. It is a loan for $50 million. What happens to those dollars that you disburse in that loan?

Mr. ELLIS. I want to make a comment on your previous remarks. I think the spectacular increase in income taxes occurred in the last 3 years, and I think that during that period you would find that as a percentage of total tax it has increased a great deal. Probably during the period of chaos (1961–64) the income tax tended to be ignored and probably fell. Compliance was poor.

SIMILARITY BETWEEN PROGRAM AND SECTOR LOANS

Now, on the education loan: I might also say that this is the second education loan of a similar type. The first one was for approximately 280 modern junior high schools in four States of Brazil. The second one is somewhat more flexible and can be used for any intelligent part of the expansion of the public school system.

Most of the expenditures are in cruzeiros; they are not in dollars. There would be a limited amount for modern equipment, training devices, and American professors, and sending graduate students abroad. But probably at least 90 or 95 percent of the money will be spent in Brazil. The expenditures are made in cruzeiros.

The procedure is to reimburse the Brazilian Government on the basis of receipts, on a monthly basis. Some of the loans are quarterly, I think in this case it is monthly.

Before any expenditures are made, they are authorized in advance. On any major expenditures, for instance, the contract is approved, the designs are approved, but then subsequently, after they are made, the reimbursement is paid. We deliver a dollar check to the central bank; the central bank, in turn, provides the cruzeiros to the executing agency, which is a unit of the Ministry of Education.

Mr. HOLT. And the dollar check you deliver to the central bank then becomes the part of Brazil's overall foreign exchange reserves.

Mr. ELLIS. Yes, sir.

Mr. HOLT. So that the principal difference between a sector loan and a program loan is that whereas the dollars in the program loan were tied to financing imports from the United States, the dollars in the sector loan are not tied to anything so far as foreign trade is concerned.

Mr. ELLIS. Yes, sir.

Mr. HOLT. So that although the sector loan is tied to Brazilian cruzeiro expenses in a given sector, be it education or roads or urban sanitation or whatever, the dollar disbursements from the United States are not really tied to anything.

Mr. ELLIS. That is correct. I would like to add that most of these loans are disbursed over a 3- to 5-year period. The education loan is a 5-year program. We are talking about an average of $10 million a year and you do not have the same impact on the U.S. balance of payments which you obviously would have with a $150 million program loan.

Mr. HOLT. Obviously not; but the——

Senator CHURCH. Wait a minute; I want to be sure I understand it. It is true if you take 1 year's loans and divide them into five parts that only one-fifth part would have its impact in any given year; but if you are making $100 million worth of loans each year, then you have a cumulative effect that becomes rather substantial; does it not?

Mr. ELLIS. You are quite right. We started in this type of lending in fiscal year 1970. If we were to do it—5-year programs—and if you would do it for 5 years you would gradually build up to a cumulative figure equal to your annual program. That is correct.

Mr. HOLT. So that it is really not correct to say sector loans and program loans are two completely different kinds of animals.

Mr. ELLIS. That is correct.

BALANCE OF PAYMENTS AND BUDGETARY SUPPORT

Mr. HOLT. What are the foreign exchange reserves of Brazil now?

Mr. ELLIS. Foreign exchange reserves are approximately $1.2 billion, but I think it is important to note the composition of those reserves. To some extent they are analogous to a man who goes down to the small loan company and borrows, lets say $1,200. He has a comfortable reserve in his pocket but he has a very short term liability to the finance company. The great bulk of these reserves consist of relatively short term money that has poured into Brazil in the last 2 years.

The accumulation has occurred almost entirely in the last 2 years and, as I said earlier, the average maturities are quite short.

Mr. HOLT. But making allowance for that, and also making allowance for the fact that the level of U.S. lending decreased, the effect is still to support the Brazilian balance of payments in the same way that the old program loans supported it.

Mr. ELLIS. Except for the magnitude the effect is the same, that is right, sir.

Mr. HOLT. And it also has the effect of providing budget support for the Brazilian Government or local governments.

Mr. ELLIS. Yes, sir.

Mr. HOLT. I wanted to make that clear.

UNDETERMINED U.S. SOURCE OF RIOT EQUIPMENT

Just a couple of other things to clear up the record. You heard yesterday the discussion with Mr. Brown and General Beatty about the police occupation of the University of Brasilia in 1968. Do you know the source of the equipment the police used that still had "USA" stenciled on it at that time.

Mr. ELLIS. I think we have that submission for the record. We can read it now if you wish.

Mr. HOLT. Fine.

Mr. ELLIS. Subject: Equipment. This is submitted by Public Safety but I think ordinarily you would clear this with the Department of Defense.

If you wish, Mr. Chairman. They will still get a chance to clear it.

Senator CHURCH. Yes.

Mr. ELLIS (reading):

Subject equipment were olive-drab canvas pouches for carrying gas masks; they had "US" stenciled in large black letters on the pouch; below the emblem

was an insignia believed to be of the U.S. Army Chemical Corps and in smaller size stenciled lettering a capital "U" and the words "Army Service Gas Mask."

U.S. Aid Public Safety was informed by the acting commander of the military police battalion that the masks were loaned to the military police by the Brazilian Army.

Following the incident, U.S. Aid Public Safety advisers discussed the subject with Secretary of Public Safety for the Federal District and he made the decision to have all the U.S. markings on these pouches painted over with black paint. He later issued orders to the military police commander to make certain that all equipment on loan from the Brazilian Army be checked and U.S. markings painted over.

FUTURE SUPPORT FOR POLICE FUNCTIONS

Mr. HOLT. What are USAID's intentions about continuing to support the National Police Academy or associated police functions in Brazil either with equipment or local currency after the public safety advisers are withdrawn?

Mr. ELLIS. We have no intentions to continue local currency support. We do plan to consider the desirability of sending individual trainees to the United States after the end of the program. But there would be no American advisers in Brazil. The trainees would be handled like any other leader grant or specialized training.

GOVERNMENT-OWNED BUSINESSES

Mr. HOLT. You have mentioned the dynamic private sector in Brazil, and the favorable climate for private investment. Do you know or can you supply for the record to what extent does the Brazilian Government own and manage business enterprises in the country?

Mr. ELLIS. I will try to get an estimate for the record, Mr. Holt.

Mr. HOLT. Of the 10 biggest corporations how many of them are government owned?

Mr. ELLIS. Yes, sir. As you know some of the largest corporations are mixed government-private corporations.

(The information follows:)

Of Brazil's ten largest corporations,[1] eight are owned and/or controlled by Brazilian governmental entities. In considering the next ten largest firms, the picture is just the reverse, with eight companies in private hands.

The corporations are:

Rank and company name	Activity	Ownership
1. Petroleo Brasileiro—Petrobras	Oil—integrated	Government.
2. Centrais Electricas de Sao Paulo	Electric power	Do.
3. Light Servicos de Eletricidade	do	Private.
4. Cia. Vale do Rio Doce	Mining	Government.
5. Cia. Siderugica Nacional	Steel	Do.
6. Cia. Telefonica Brasileira	Communications	Do.
7. Cia. Paulista de Forca e Luz	Electric Power	Do.
8. Cia. de Cigarros Souza Cruz	Tobacco	Private.
9. Centrais Electricas de Minas Gerais	Electric power	Government.
10. Central Eletrica de Furnas	do	Do.
11. Cia. Hidro Eletrica do Sao Francisco	Electric power	Do.
12. S.A. Industrias Votorantim	Sundry industries	Private.
13. Volkswagen do Brasil	Automobiles	Do.
14. Cia. Geral de Motores do Brasil	do	Do.
15. S.A. Inds Reunidas F. Matarazzo	Sundry Industries	Do.
16. Rhodia—Inds Quimicas e Textels	Chemicals and textiles	Do.
17. Cia. Cervejaria Brahma	Beverages	Do.
18. Pirelli S.A Cia. Industrial Bras	Rubber	Do.
19. Cia. Estadual de Energia Electrica	Electric power	Government.
20. General Electric S A	Electric appliances	Private.

[1] As measured by the Getulio Vargas Foundation in *Conjuntura Economica* No. 9, 1970.

ATTITUDE TOWARD FOREIGN INVESTMENT

Mr. HOLT. What is the attitude of the Brazilian business community, as distinguished from the Brazilian Government, toward foreign investment?

Mr. ELLIS. It depends very much on whose ox is being gored, Mr. Holt, and at the present time there are fewer oxes being gored than, say, 3 or 4 years ago. The general economic boom, which has resulted in high profitability in nearly every subsector of industry, has dampened the opposition to private investment. In any country you have one group which is in fear of competition. You have another group which stands to profit by intelligent business relations with foreign investment, introduction of technology, for example. And my impression now is that the second group has become dominant. This has always been the prevailing official policy view since 1964. But even within the private community you hear very little about what used to be a common political slogan "denationalization," which means the loss of Brazilian control of their own industrial sector.

Some of the institutional changes have helped, for example, the expansion of the stock market and the availability of loan financing from abroad, as opposed to equity investment in Brazil. I mentioned this huge accumulation of foreign exchange, much of this is loan financing for the private sector, and it has given the Brazilian firms an opportunity to deal with the foreign competition on more of a basis of parity, and this has reduced the friction.

Mr. HOLT. Are Brazilian companies at a disadvantage vis-as-vis the foreign companies in obtaining bank credit?

Mr. ELLIS. I think very little. This was very definitely not the case a few years ago. Much of the source of the irritation was that American companies could get money, say at a prime rate of 6 percent, and it was virtually impossible for Brazilians to get any long term money. That situation has altered there. Money is tighter abroad and more readily available internally, not only from Brazilian saving sources but also from the international financial community.

BRAZILIAN EXPORTS TO UNITED STATES

Senator CHURCH. Can you tell me what raw materials Brazil furnishes and exports to the United States? Is it large; is there a large out-flow of raw materials from Brazil to the United States?

Mr. ELLIS. Yes. You are thinking more of strategic items or what?

Senator CHURCH. No, I am thinking more of basic minerals, ores, fuels, petroleum.

Mr. ELLIS. Definitely not petroleum.

Senator CHURCH. That kind of raw material that is needed to fuel our own industry. I don't include coffee.

Mr. ELLIS. Or sugar. That is what I meant by it. The only one that I think would be significant in this sense is manganese ore.

Iron ore is expanding very rapidly but basically to other markets, Japan primarily. I would not say we are heavily dependent on iron. I don't know the share of manganese of total U.S. use. It amounts to somewhat less than $20 million a year.

There may be some other minerals that are of strategic importance.

Senator CHURCH. So as a source of raw materials Brazil is not highly important to the United States; is that correct?

Mr. ELLIS. I think that is correct, sir.

PRIVATE INVESTMENT

Senator CHURCH. But you have testified that there are about $1.6 billion in private investment on the part of American business in Brazil. Has that investment been going up rapidly since 1964?

Mr. ELLIS. If you look at it in terms of the actual flow of money into Brazil, it hasn't been that dramatic.

In 1964 the figure was minus $64 million, an outflow. In 1969 it was only $64 million net.

Senator CHURCH. You are comparing the amount of American capital flowing into Brazil for investment purposes with the amount of profit being drawn out.

Mr. ELLIS. No, sir.

Senator CHURCH. What do you mean by that?

Mr. ELLIS. As opposed to repatriation of capital. I am not talking about profit at all; that is a separate thing.

Senator CHURCH. You are talking about repatriation of profit.

Mr. ELLIS. No, of capital. This is a net figure on capital movement only, not profit.

Senator CHURCH. Capital movement; all right. That could include profit, however.

Mr. ELLIS. No, I have a table here with the profit.

Senator CHURCH. Yes; U.S. net direct investment in Brazil, profit remittances to the United States, and the net effect on U.S. balance of payments.

Mr. ELLIS. Now, in terms of new investment decisions, which have not yet resulted in sizable flows of money, there have been some giant decisions made and announced. One, the largest, was a 50–50 iron ore expansion project with United States Steel and a Brazilian public company, mixed company, in the north of the country. Another is the Hanna Mining Co. operation in the south, which is also iron ore and involves railroad and port facilities as well. Additional investments in the automobile industries. Alcoa in aluminum. Without any doubt the figures will begin to increase very sharply as these investments are actually made.

I think the United States Steel deal was $400 million by each party, a total of $800 million.

Senator CHURCH. Is it accurate to say that the present Government of Brazil is highly favored by the U.S. business community?

SHOULD AMERICAN CAPITAL BE INVESTED AT HOME RATHER THAN OVERSEAS?

Mr. ELLIS. Yes, sir.

Senator CHURCH. In strictly economic terms, can you explain to me how our own interests are advanced by encouraging an outflow of American capital into foreign investment as opposed to encouraging investments of our capital in our own economy?

Mr. ELLIS. In purely economic terms——

Senator CHURCH. Explain that. It has been our foreign policy for some years to encourage American private capital to invest abroad. Now, in economic terms how does it benefit us to encourage our capital to invest abroad instead of encouraging our capital to invest at home

in view of such obvious needs as the rebuilding of our own cities, the elimination of our own slums, the effective dealing with the persistent poverty of a fifth of our people?

Mr. ELLIS. Mr. Chairman, if this were to assume—but the options are really for the private company to invest abroad or invest in the States but not necessarily dealing with public problems. But take a firm, an individual firm, General Motors, for example, talking about benefit to the United States, not Brazil.

Senator CHURCH. Yes.

Mr. ELLIS. First of all is the profitability of investment overseas. Now in the case of Brazil, history has not shown that investments have been more profitable than the same investments made in the United States. But obviously, the investment decisions were made on the assumption they would be, maybe in the longer run period.

An investment in a country like Brazil, with a large internal market, tends to give you a leg up on future expansion. It is a strategy for obtaining a market share.

Senator CHURCH. I could see how if I were the president of a large corporation, and many of our large corporations are becoming multinational in character, I might look at the world at large as my hunting ground and seek to invest my money in places where the returns would be largest so as to maximize my profits. That is clear enough. But why, in your judgment, should it be our public policy as a Government to encourage investment elsewhere if the purpose is simply to maximize the profit of the corporation? How does it serve our national interest as a matter of public policy to encourage the investments of private capital in foreign countries? We not only encourage it, we guarantee it; we use public credit of various kinds to protect it.

Mr. ELLIS. Mr. Chairman, I understand the question. Now are you asking about our political objectives or strictly our economic objectives?

Senator CHURCH. Well, first of all, in economic terms, is there something that I fail to see that would justify the public policy? I know there are other reasons, and we have discussed some of those other reasons earlier this afternoon, and I have raised questions about the premises that we base these programs on. But I fail to see any economic benefit that accrues to the United States; that is, to our country at large; from encouraging and guaranteeing investment abroad, although I can see the benefit that can accrue in terms of higher profit to the investors.

Mr. ELLIS. But if you sum up the total of these individual investments, then the profitability, profit remittances, in the long run have a positive effect on our balances of payments—as we see in Brazil, a slight positive effect. If, for example, the average profit remittance is 5 percent, then in 20 years you net out, and in 21 years you are ahead.

I think more importantly in terms of market strategy, the relationship between investments and trade has a more important effect on the balance of payments. Development of infrastructure by Caterpillar Co. in Brazil, for example, good service facilities, has now given them a very large, almost assured share of the Brazilian market.

They produce some Caterpillars in Brazil of very high quality and this gives them a leg up to sell others which they do not produce in Brazil because they have established a good trade name and service facilities in the country.

Again this is looking at the thing purely from an economic standpoint.

Senator CHURCH. Yes. You can see some long term advantage in the balance of payments and some strengthening of the market position so far as our exports are concerned.

Mr. ELLIS. That is right.

Senator CHURCH. That would be your answer.

Mr. ELLIS. From an economic standpoint, yes, sir.

VALUE OF TRADING WITH BRAZIL

Senator CHURCH. Can you tell me the value of our trade with Brazil, so that we could compare it with the value of the AID program?

Mr. ELLIS. 1969 figures indicate around $800 million each way with Brazil. This represents 30 percent of Brazilian imports, and 26 percent of Brazilian exports.

Senator CHURCH. Brazilian trade with the United States is roughly what?

Mr. ELLIS. $800 million.

Senator CHURCH. As compared with an AID program of a little over a hundred.

Mr. ELLIS. A little over a hundred.

Senator CHURCH. So the trade would be roughly eight times as important to Brazil.

Mr. ELLIS. For exchange earnings. Yes.

Senator CHURCH. As the AID program, is that a rough——

Mr. ELLIS. In terms of the bilateral aid program; yes, sir.

Senator CHURCH. Is there great concern in Brazil about the trend toward protectionism in the United States?

Mr. ELLIS. Yes, there is, I would say it is probably the single biggest area of international economic concern in Brazil. This has occurred, ironically, at a time in which their exports have expanded spectacularly, 20 percent in each of the last 2 years, about double in the last 6 years. And in the United States it tends to focus on specific items. Textiles is one which was a major irritant. Shoes appears to be a potential area of what shall I say, conflict, controversy.

Senator CHURCH. Pat, do you have more questions?

Mr. HOLT. Yes.

U.S. FIRMS ON BRAZILIAN STOCK MARKET

You mentioned an increasing activity in the Brazilian stock market. How many foreign companies or subsidiaries of foreign companies have stocks listed on the Sao Paulo and Rio exchange?

Mr. ELLIS. Very few, but I would rather get a paper back at the office and look it up.

(The information follows:)

Preliminary data indicate that the following shares traded on the São Paulo and/or Rio de Janeiro stock markets are held by U.S. interests:

Acos Vilares (IBEC).
Bundy Tubing
Cobrasma (Rockwell)
Ford Willys
Kibon (General Foods)
Moinho Fluminense (Lone Star Cement)
White Martins (Union Carbide)

The same data reflect the following shares traded on the two major exchanges as being held by other foreign interests:

Alpargatas (Bank of London, et al)
Belgo Mineira
Ericsson Brasil
Ferro Brasileiro (Belgo Mineira)
Light
Pirelli
Mannesman
Samitri (Belgo Mineira)
Souza Cruz (British American Tobacco)
Vemag (Volkswagen and Auto Union)

JOINT OWNERSHIP OF COMPANIES

Mr. HOLT. All right. What I am getting at is how many foreign companies are willing to share ownership with Brazilians,

Mr. ELLIS. So far very few, as opposed to an initial joint financial arrangement in other words, 50–50, 51–49. But most of them have not shown much eagerness to go public with existing equity.

Mr. HOLT. Would Brazilians welcome this if they did or do Brazilians resent it in view of the fact they do not?

Mr. ELLIS. Brazilians are ambivalent on this question, Mr. Holt. They recognize the desirability in the long run of "Brazilianizing" the companies, but in the short run they don't welcome the competition for their own savings. The money going into the stockmarket, after all, is a scarce resource, and they would prefer to see, put it the other way, they would not like to see American firms with obviously a high marketability in the stockmarket, get this money before their firms did.

On balance right now there is no great pressure to have American firms go public.

FOREIGN FIRMS' SHARE OF EXPORTS

Mr. HOLT. Is one of the economic policies of the Brazilian Government to encourage exports, particularly of manufactured products?

Mr. ELLIS. Yes, sir.

Mr. HOLT. Do foreign companies, European as well as Americans, cooperate in this drive?

Mr. ELLIS. Yes, sir. I think you could say they have carried their share of the load. I cannot put my finger on the figure, but the share from exports of foreign firms, as I recall, is slightly higher than their proportional share of production in Brazil.

Mr. HOLT. If you could supply something on that for the record it would be helpful because when Mr. Dockery and I were in Brazil we heard some criticisms of foreign firms, particularly the Europeans, for not pushing exports.

(The information follows:)

The manufacturing sector, where foreign investment is heavily concentrated, led Brazil's export expansion of the sixties. Manufactured exports increased by 26.3% annually during the period, as compared to 6.7% for minerals and 3.5% for agricultural products. In 1967 exports of manufactured goods increased 48%; in 1968, 20%; and in 1969, 40%. While Manufactured exports constituted only 2.7% of total exports in 1963, they accounted for 42.5% of the growth of exports between 1963–67 and more than half of the growth through 1969.

Of the 834 foreign firms operating in the manufactured products sectors registered with the Division of Foreign Trade of the Bank of Brazil—CACEX—(Classes 5, 6, 7, and 8 of the Brazilan Merchandise Nomenclature),[1] 197, or

[1] Classes 5, 6, 7, and 8 of the NBM correspond to chemical and pharmaceutical products, machinery and vehicles, processed raw materials, and others, respectively.

one in four, exported in 1967. The sectors in which the proportion of foreign firms which export is the highest are metallurgy, steel, electrical and communications equipment, mechanical and transport equipment.

Table I shows that in 1967 foreign firms' share of exports for the total of the four sectors shown was 33.8% as compared to 39.2% and 27.0% for local firms and state-owned firms, respectively. Foreign firms' share was highest in Class 6, machinery and vehicles (71.8%). Exports for state-owned firms were from three steel companies, the larger foreign share was composed of exports of 209 foreign firms and the largest share of private local firms was from exports of 935 firms.

Table II shows that while sectors in which foreign capital predominates (foreign share greater than 75% of capital in the sector) represented only 12.6% of total manufactured exports in 1960, these sectors accounted for 38% of the growth of manufactured exports in the 1960–68 period. In contrast, sectors in which local firms (private) predominate supplied 76% of exports of manufactured goods in 1960, but accounted for only 34% of the growth between 1960–68.

In summary, the export participation rate of foreign firms is relatively high (one out of four firms), and much higher than that of local firms. Foreign firms export ⅓ of Brazil's total exports of manufactured goods and half of its exports to LAFTA. Exports of foreign firms tend to be more intensive in modern technology than those of Brazilian firms and most of these are sent to LAFTA, as opposed to those of local firms which are sent to the developed world. The increase of Brazilian exports in recent years has been led by exports of manufactured goods. Foreign firms have played a major role in the export boom of manufactures. Within manufacturing, those sectors which have had the fastest rate of growth of exports show a predominance of foreign capital.

Brazilian exports of manufactured goods increased from $25 million in 1960 to $172 million in 1968. As shown above, foreign firms contributed about 38% of this growth. In the absence of such a contribution, the increase in exports ($147 million) would have been $56 million lower in 1968 (38% of $147 million) than was the case. While this amount is small relative to total exports (3.1% in 1968), Brazil appears to be entering a period in which expansion of manufactured exports will provide much of the growth impetus during the seventies, similar to that played by import substitution in the 1950's and early sixties. In the same way that foreign firms played a major role in import substitution in this earlier period, recent evidence indicates that they will make an important contribuion to this growth of exports in the seventies and thereby continue their full participation in the carrying out of the Government of Brazil's export promotion policies.

TABLE I.—SHARE OF FOREIGN, PRIVATE LOCAL, AND STATE-OWNED FIRMS IN MANUFACTURED EXPORTS, 1967

[In percent]

	Foreign firms	Private local firms	State
Class 5: Chemical and pharmaceutical products	16.8	83.2	
Class 6: Machinery and vehicles	71.8	28.2	
Class 7: Manufactures of processed raw materials	21.7	21.8	56.5
Class 8: Miscellaneous manufactures	20.7	79.3	
Total	33.8	39.2	27.0

Source: FAJNZYLBER, Fernando "Estudio de Algunos Aspectos Basicos para la Formulación de una Estrategia de Exportación de Productos Manufacturados en Brasil."

TABLE II.—SHARE OF GROWTH OF MANUFACTURED EXPORTS OF STATE, LOCAL AND FOREIGN FIRMS, 1960–68

[In percent]

	Total manufactured exports, 1960	Shared in growth 1960–68
Sectors in which State-owned firms have predominant share	11.5	28.0
Sectors in which private local firms have predominant share	75.9	34.0
Sectors in which foreign firms have predominant share	12.6	38.0

Source: FAJNZYLBER, Fernando "Estudio de Algunos Aspectos Basicos para la Formulación de una Estrategia de Exportación de Productos Manufacturados en Brasil."

PURCHASE OF SMALL COMPANIES BY FOREIGN FIRMS

Mr. HOLT. When a small- or medium-sized Brazilian company begins to be successful, is it likely to find itself bought by a foreign company?

Mr. ELLIS. Well, except for the word "likely" it would be a matter of fact as to how many of these mergers or purchases have occurred in the last few years. They do occur periodically. I would doubt that they represent more than a small fraction of the total number of small and medium industries.

Mr. HOLT. But those that do occur are publicized.

Mr. ELLIS. They tend to be highly publicized, yes.

Mr. HOLT. And do they tend to create resentment towards foreign business?

Mr. ELLIS. Well, as I said earlier, I think the general receptivity to foreign business has increased. There is less concern about this now than there used to be. We calculated that total American investment represented, I think, 1.2 percent of the captial stock of Brazil, so that just simple arithmetic it would be impossible for this investment to dominate the industrial sector. Now when things are going badly and Brazilian businesses are in financial jams, either because they can't get working capital at a reasonable price or the economy is in recession and they sell out by necessity, naturally there is an outcry. When things are going well and people sell out by choice there is much less friction.

REAL WAGES IN BRAZIL

Mr. HOLT. In the material the State Department submitted to the committee there is a statement that "real wages declined significantly from 1964 through 1968, and Brazilian and international trade union opposition to economic policies increased."

Can you tell us or supply for the record some statistics to show what has happened to real wages since 1964?

Mr. ELLIS. Well, I am familiar with this paper, Mr. Holt, and there is an assumption here that the minimum wage is the best indicator of average real wages. It is the easiest indicator, but it is not necessarily the best. There are two other phenomena which have occurred, which raise a question about this indicator.

One is the degree of compliance with the minimum wage. A large portion, or fraction, of the wage earners don't even get the minimum wage, particularly in the rural areas. Our indications are that there is a higher rate of compliance with the minimum wage.

The second is that, as I said earlier, more and more people are moving up into a more modern sector of the economy, where the wage levels are higher than the minimum wage, a type of "blue collar upward mobility." So for both these reasons my own view is that the minimum wage understates the real wage trend. I will do my best to document that for the record, Mr. Holt.

(The information follows:)

Brazil—Index of Average Real Earnings in Manufacturing: 1960–69
(1963=100)

Year:	*Index No.*
1960	86
1961	87
1962	88
1963	100
1964	96
1965	91
1966	87
1967	85
1968	90
1969	90

Source: Agency for International Development, "Summary Economic and Social Indicators 18 Latin American Countries: 1960–69."

A further indication of probable recent trends in real wages may be gained from the attached table which compares average wage adjustments under the official formula with the cost of living increase. As may be seen, since mid-1968 the wage adjustments have tended to exceed the increase in the cost of living by 1–2% on an annual basis.

WAGE ADJUSTMENTS UNDER OFFICIAL FORMULA[1]

[In percent]

	1968			1969			1970		
	Average wage adjustment		Cost of living increase over previous 12 months	Average wage adjustment		Cost of living increase over previous 12 months	Average wage adjustment		Cost of living increase over previous 12 months[2]
	Private sector	Public sector		Private sector	Public sector		Private sector	Public sector	
January	18.6	19.9	24.5	25.2	24.7	24.0	26.4	26.4	22.6
February	18.4	18.7	22.4	25.7	25.4	23.6	24.8	25.3	21.7
March	18.8	21.5	22.4	24.6	24.1	23.4	24.4	24.8	21.9
April	19.5	21.6	21.0	25.2	23.7	23.9	25.0	24.9	23.0
May	25.3	25.8	20.6	21.2	20.6	22.7	23.7	24.1	22.7
June	26.1	33.8	19.0	21.2	17.9	21.8	23.1	24.9	22.3
July	30.0	29.9	22.6	21.3	19.5	20.0	23.8	23.8	20.8
August	25.0	25.3	21.4	24.4	23.2	21.0	23.0	23.1	21.3
September	25.3	24.6	22.2	24.2	24.0	21.1	23.9	24.2	22.9
October	25.3	26.2	22.0	25.1	25.1	22.5	24.3	23.7	22.9
November	25.6	26.4	23.2	26.1	26.1	23.0	23.6		22.5
December	24.5	25.1	22.8	28.2	26.4	24.5			
Annual average	28.5	24.9	22.0	24.4	23.4	22.6			
1st semester average	21.1	23.5	21.7	23.8	22.7	23.2	24.5	25.0	22.3

[1] Data for a given month represent the simple average of the adjustments which were reported during that month.
[2] Through 1969 the cost of living index used in wage adjustments was that of Rio de Janeiro; since January 1970 a new national cost of living index is being used.

Source: Ministry of Labor, National Department for Wage Adjustment.

PROJECTS CRITICIZED BY GAO

Mr. HOLT. Thank you.

In a report from the General Accounting Office in 1968 GAO was critical of a number of AID major capital projects and in the response to GAO, AID commented on the political and economic situation in Brazil and informed GAO that normal AID criteria and procedures had had to be relaxed somewhat because of overriding U.S. political considerations. What were those overriding U.S. political considerations?

Mr. ELLIS. Well, if my memory is correct the last of those loans was made in 1964, maybe one in early 1965. Most of them were made in the last few months of the Goulart government or perhaps in the first few months of the new government but had been under negotiation previously. They were an attempt, they were part of a deliberate strategy, to support State governors or regional institutions which were ready to cooperate with the United States in the development of their states or institutions under the Alliance for Progress, and which we thought might be personalities or states [deleted].

Examples are the state of [deleted] where [deleted] was governor at the time; the state of [deleted] where [deleted] was governor. [Deleted.] But with respect to the projects, there were 11 or 12, as I recall, 11. Nine of them are operating satisfactorily or better; some of them turned out to be excellent projects.

Two of them are still in trouble. The worst of the 11 is the synthetic rubber plant in Recife.

Our share of that project was 10 percent. It was $3.4 million of a $30 odd million project. The loan is not in default. It is being paid, and from the standpoint of AID management it was not a major disaster. I am not condoning the fact that it is a bad synthetic rubber plant only mentioned that AID had a relatively small piece of it.

The other bad project, or project in difficulty, is in the state of Mato Grosso, among the largest and poorest and most remote areas. Power distribution over long distances involves very high unit costs. In the poor areas it is extremely difficult to impose a rate structure on rural or semi-rural clients that would amortize that loan. But from the standpoint of the development of the state it is probably a very important project. It is in default now, although AID is being paid by the guarantor.

Mr. HOLT. There are, I have a number of questions here——

Senator CHURCH. I just want to comment here that I think your answer was given most candidly, and [deleted]. I don't know of any country that has undertaken to spread so much money in such a profligate way in so many foreign lands [deleted] as has the United States. No wonder so many people have come to the conclusion that we are the most imperialistic nation in the world today. I think this has the enormous potential for backfiring.

AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT

Mr. HOLT. I have a number of questions here on the American Institute for Free Labor Development in Brazil which I would ask you to answer for the record. You need not do it now.

Mr. ELLIS. Yes, sir.

(The information follows:)

AIFLD ACTIVITY AND FUNDING IN BRAZIL

1. Show total A.I.D. funding for AIFLD/Brazil for FY 1970, 1971 and proposed 1972.

FY 1970	$777,000
FY 1971	468,000
FY 1972	625,000

2. Show total A.I.D. funding—through AIFLD subcontracts—to International Trade Secretariats (ITSs) in Brazil for FY 1970, 1971 and proposed 1972; and idestify each Secretariat involved.

AIFLD has not subcontracted with International Trade Secretariats for work in Brazil during the years in question. Subcontracts have been made with the following U.S. unions for work in Brazil in the amounts shown.

	Calendar year 1970	Calendar year 1971	Calendar year 1972
Chemical Workers of America		$2,000	
Retail Clerks International	$2,700	10,600	$8,100
International Federation of Petroleum and Chemical Workers	1,600	5,600	
Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees		1,500	6,000
Textile Workers Union of America		2,000	6,000
American Federation of Musicians		2,000	
Agrarian Union Development Services		2,400	25,400
Total [1]	4,300	26,100	45,500

[1] These totals are in addition to the amounts shown in item 1 above.

3. Identify all ITSs and other international or regional labor organizations in Brazil, including the address of each.

The Inter-American Regional Organization of Workers (ORIT) maintains an office in Brazil located at Rua Alcindo Guanabara #24, Sala #1315, Rio de Janeiro. There are no ITS's presently operating in Brazil.

4. Is the International Metal Workers Federation currently operating in Brazil? Please explain.

The Government of Brazil has closed the office of the International Federation of Metal Workers (IMF). International labor organizations are required to obtain authorization from the Government of Brazil to operate in that nation. The closing of the Brazilian office of the IMF resulted from the inability of that organization to obtain the necessary GOB authorization.

5. How many AIFLD people are presently in Brazil? How does this compare with two years ago? Five years ago?

	1971	1969	1966
U.S. nationals	6	7	9
Third-country nationals	1	1	1
Brazilian nationals	22	31	44
Total	29	39	54

USE OF FOREIGN CURRENCY IN AID PROGRAM

Mr. HOLT. Could you also supply for the record a statement or a table on the use of foreign currency-cruzeiro balances in the AID program?

(The information follows:)

CUMULATIVE AND ESTIMATE OF LOCAL CURRENCY USES [1]

[In thousands of dollar equivalents] [2]

	Fiscal years 1961–69 cumulative	Fiscal year 1970 estimate	Fiscal year 1971 estimate
I. COUNTRY USES			
A Country owned:			
Agriculture and natural resources	86,382.5	33,277.9	14,595.9
Industry and mining	176,235.3	25,825.1	36,420.9
Transportation	80,336 0	17,697 1	1,220.0
Power		1,627.8	
Labor	19,734.2	4,302.2	1,383.9
Health and sanitation	11,838.0	10,627.8	12,374.0
Education	27,519.9	11,394.8	12,820.2
Public safety and public administration	5,473.3	1,046.5	446.2
Community development social welfare, housing and urban development	9,359.3		
Budget support (unspecified as to sector)		3,488.3	4,370.5
Project and technical support overhead—trust fund	15,210.8	7,929.9	4,935.0
Other (CONTAP)	24,929.5	2,325.5	2,485.7
Subtotal—Country owned	457,018.8	119,543.0	91,052.3
B U.S.-owned:			
Agriculture and natural resources	11,900.5	1,308.6	1,465.0
Industry and mining	35,821.0	35.0	35.0
Transportation	49,656 0	5,508.8	2,745.0
Power	31,838.8	1,091.8	4,070.0
Labor	423.5	65.0	90.0
Health and sanitation	9,352.3	55.3	40.0
Education	23,448.4	100.0	80.0
Public safety and public administration	2,774.5	90.0	70.0
Community development, social welfare, housing and urban development	7,539.3	95.0	70.0
Budget support			
Other:			
Technical support	2,482.6		
Project costs	[3] 17,764.7		
Subtotal—U.S. owned	193,001.6	8,349.5	8,665.0
Total—part I	650,020.4	127,892.5	99,717.3
II. U.S USES			
Administrative and other	11,865.8	3,443.0	2,996.7
Total local currency uses	661,886.2	131,335 5	174,447.0

[1] Signing of specific agreement is the point of use, except for trust fund for which obligations are point of use.
[2] Exchange rates used: Fiscal year 1961–68, Other, NCr$ 1.795 to 1 US$; Trust fund, NCr$ 2 735 to 1 US$. Fiscal year 1969, NCr$ 3 78 to 1 US$; Fiscal year 1970, NCr$ 4.30 to 1 US$, Fiscal year 1971, NCr$ 5.06 to 1 US$.
[3] Due to incomplete information, we are unable to show the cost breakdown by sectoral categories for project grant cash currency conversions.

WITNESS' SERVICE IN BRAZIL

Mr. HOLT. Finally, what are the dates of your service in Brazil?

Mr. ELLIS. I have been director of the AID mission there since July 1968.

Mr. HOLT. Were you in Brazil prior to that time?

Mr. ELLIS. Yes; I was deputy director of the AID mission from August 1964 until August 1967.

Mr. HOLT. So you have been in Brazil substantially for 7 years.

Mr. ELLIS. A good part of my adult life.

[Laughter.]

Senator CHURCH. When I first met our witness we were both boys.

[Laughter.]

And it was in Rio.

Mr. ELLIS. The first time we met was in Djakarta, Mr. Chairman.

Senator CHURCH. Djakarta the first time. Then we met in Brazil.

Mr. ELLIS. That is right.

Senator CHURCH. Well, I think your testimony has been extremely responsive and frank, which we appreciate, and you obviously have a thorough knowledge of the program, and I sense a high degree of competency in administering the program. The underlying wisdom of the program is a question that lies at a policy level that is not your responsibility. But it is part of our responsibility on this committee to attempt, to reach some judgment on those policy questions. Your testimony in filling out the facts is very much appreciated.

Mr. ELLIS. Thank you, Mr. Chairman.

(Whereupon, at 4:40 p.m., the subcommittee was adjourned.)

63-373 O—71——17

U.S. POLICIES AND PROGRAMS IN BRAZIL

TUESDAY, MAY 11, 1971

UNITED STATES SENATE,
SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS
OF THE COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The subcommittee met, pursuant to recess, at 2:30 p.m., in room S-116, the Capitol Building, Senator Frank Church (chairman of the subcommittee) presiding.

Present: Senators Church, Pell, Aiken, and Pearson.

Also present: Mr. Marcy, Mr. Holt, and Mr. Dockery, of the committee staff.

William Ellis, Director, AID Mission, Brazil; Robert W. Dean, Director of the Office of Brazilian Affairs, Department of State; and Michael A. Samuels, Bureau of Congressional Relations, Department of State.

Senator CHURCH. The hearing will come to order.

Mr. Ambassador, if you would just be seated we will commence the hearing. Other Senators, Mr. Cooper of Kentucky, Mr. Javits of New York, and the chairman have indicated that they expect to be here. I think we should proceed so that we can be certain of completing your testimony this afternoon.

As you know, the purpose of these hearings is mainly to review American policies in Brazil. We have heard from several earlier witnesses, the director of your AID program who testified last week, and the general in command of the military mission in Rio, and also the director of the public safety program, so we appreciate your coming and we look forward to hearing your testimony.

The practice of the committee has been to administer the oath to the witnesses, and if you have no objection, I would ask you to stand and take the oath. Do you solemnly swear the testimony you will give this subcommittee will be the truth, the whole truth and nothing but the truth, so help you God.

Mr. ROUNTREE. I do.

Senator CHURCH. Please be seated and proceed with your testimony as you care to present it, and if there is any part of it that you can summarize we will be sure that the entire statement is incorporated in the record.

TESTIMONY OF WILLIAM M. ROUNTREE, U.S. AMBASSADOR TO BRAZIL

Mr. ROUNTREE. Thank you, Mr. Chairman.

At the outset I would like to thank you for the consideration which the subcommittee showed in permitting me to appear at a somewhat

later date than that requested in order that I might pursue longstanding plans for a trip to the northeastern part of Brazil.

Senator CHURCH. We were happy to do that and we know it was no small inconvenience for you to come this distance to testify before the subcommittee, and we want to express our appreciation.

Mr. ROUNTREE. I am here, Mr. Chairman, in response to the subcommittee's request that I appear today to discuss U.S. policies toward Brazil, and I am happy to do so.

Brazil, the largest of our neighbors in the hemisphere both in terms of geography and population, is a country with which the United States has enjoyed a close and friendly association throughout our respective histories. We have been allies in two world wars. Brazil shared in the OAS presence in the Dominican Republic in 1965–1966. For many years the United States and Brazil have cooperated in a wide range of areas of mutual concern; Brazil is a country whose friendship for the United States and acceptance of its responsibilities to the world community have been demonstrated in multiple ways. I consider it a high honor to serve as U.S. Ambassador to that nation, and I have undertaken my responsibilities fully in the context of President Nixon's concept of the mature partnership which should characterize our relations.

No two countries, however closely alined and whatever their common interest, can conduct relations as active as those between Brazil and the United States without difficulties arising from time to time. Brazil, of course, is no exception; problems have arisen in the past, they exist now, and they no doubt will arise in the future. But these can and should be worked out on the basis of mutual respect and understanding. I am happy that many recent issues have been resolved in this spirit, and I expect that those remaining will be. Such difficulties have never diminished the cordiality existing between the peoples of the United States and of Brazil, or the determination of their leaders to build upon the ties which bind us together. We should strive to assure that this continues.

In inviting me to be present here today the subcommittee indicated a particular desire that I be prepared to discuss my view of the U.S. national interest in Brazil, and what policies would best promote that interest.

In response to an earlier communication from the chairman, the Department of State in January provided to the subcommittee extensive material including, at its outset, a statement of U.S. national interest in Brazil. I have gone over this material and wish to associate myself with that reply.

(The material referred to is as follows:)

RESPONSE TO THE INQUIRY FROM THE CHAIRMAN OF THE SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS OF THE SENATE FOREIGN RELATIONS COMMITTEE

1. What is the U.S. national interest in Brazil?

The United States has a continuing interest in the economic and social progress of Brazil and in the steady improvement of the quality of life in that country, as it has in other developing countries in the world. This interest is founded in a combination of national self-interest and humanitarianism. A healthy, growing, developing Brazil is important to the good health of the Hemisphere and world community and therefore to our own good health.

This broad interest in Brazilian growth in a stable, open society can be divided into traditional national interests: security and economic.

A. Security. Brazil represents half the land mass and half the population of South America. Deterioration from its current position as a friendly, independent member of the free-world community to one of hostility would be a significant gain for world forces opposed to the United States. Conversely, as an emerging major power rich in human and natural resources, a friendly Brazil could continue to be a valuable support in any future confrontations with such forces, as it has been in the past.

B. Economic. Trade between the United States and Brazil annually amounts to about $700 million in each direction and is increasing. Worldwide, Brazil is the twelfth largest market for U.S. exports and our eleventh most important foreign supplier.

At the end of 1969, the book value of U.S. private direct investment in Brazil was $1.6 billion. It represented 14 percent of total U.S. private investment in Latin America, and 2 percent of total U.S. private investment abroad.

It is in our interest for Brazil to expand its open economic system, modernize its social structures and move toward responsive political institutions, and for us to continue to help Brazil work for balanced economic and social growth.

Our long-term concern, therefore, is to pursue policies which will support Brazilian activities leading to the objectives of balanced, sustained economic growth and socially responsive institutional development.

How, if at all, has it changed since World War II?

Our national interests in Brazil have remained the same since 1945.

IMPORTANCE OF BRAZIL TO UNITED STATES

I consider that a growing, developing Brazil is important to the hemisphere and the world community, and therefore, important to us. I believe that the United States has a continuing interest in the steady improvement in the quality of life in that country. The United States should continue policies designed to assist in those areas, such as economic and social progress, where our efforts contribute positively toward constructive achievement.

I believe it is in the national interest to maintain and strengthen our long-standing cooperation with Brazil in matters of common concern. We should preserve and promote the traditionally close cooperation with Brazil as a means of protecting our own national security and of contributing toward theirs.

I believe that our national interest involves a healthy commerce with Brazil. We should promote to the fullest practical extent bilateral trade with that country, which with a current annual two-way total exceeding $1.4 billion, ranks 12th in U.S. exports and 11th in U.S. imports in all the world. With its rapidly developing economy Brazil offers great possibilities for steadily increasing trade, benefiting both our nations.

I consider it to be in our national interest to encourage those existing economic policies, and public attitudes, in Brazil which lead the Brazilian Government and people to welcome foreign private investment, especially in areas that contribute to the development of that nation and to the expansion of international trade.

Mr. Chairman, I strongly endorse the Department's statement that we should pursue policies which will support Brazilian activities leading to the objective of a balanced, sustained economic growth and socially responsive institutional development.

The promotion of our interest in Brazil requires policies which are friendly and cooperative and which at the same time avoid involve-

ment in Brazilian internal affairs. I have mentioned that bilateral problems have arisen and do exist, and must be expected in the future. The Brazilians have adopted policies and programs uniquely their own, designed to meet their concept of the needs of the nation across the spectrum of life. Many of their internal policies are similar to or consistent with our own concepts; others differ. A mature partnership such as that which characterizes our relations does not lend itself to the exercise of undue influence upon matters which by their nature must be resolved by the Brazilians themselves. Our friendly advice and assistance should always take this into account; otherwise it would be highly counterproductive.

BRAZIL'S ECONOMIC PROGRESS

Particularly during the past few years Brazil has achieved remarkable economic progress. Its gross domestic product has increased from about $20 billion in 1960 to more than $35 billion at the present time. Its exports have risen from $1.27 billion in 1960 to $2.72 billion in 1970. This progress is, of course, attributable for the most part to the sound economic policies of the Government of Brazil and the efforts of the Brazilian people. No doubt, however, the substantial American aid which has been extended to Brazil has served as an important supplement to Brazilian resources, and I believe it has made a very substantial contribution. With its increased resources and the added confidence which its progress has given the international community, Brazil's need for foreign credits is being met to an increasing extent by international lending agencies, commercial institutions and the Export-Import Bank. Thus, our own bilateral assistance program has been reduced, and in future years will not need to be of the same magnitude as before. However, I consider a continuation of an appropriate level of bilateral assistance, including technical assistance, to be much in our interest, as, of course, it is in Brazil's. Our present emphasis upon projects in the fields of public health, agriculture, and education is appropriate, as is the priority we assign to assisting Brazilian efforts to bring to the people of the northeast region of that country a greater share of the prosperity of the nation as a whole.

U.S. INFORMATION PROGRAM

May I add, Mr. Chairman, that one of our most important tools of policy in Brazil is our information and cultural exchange program. Since my arrival in that country, I have been greatly impressed by the extent of goodwill generated by our USIS program, cultural activities, and the exchange of persons. In these times when there is so much misinformation and misrepresentation of the United States and what it stands for, it is indeed refreshing to see the positive results of our informational activities in Brazil. I believe that we should make every effort to strengthen this program, which in Brazil has been so well received.

U.S. PERSONNEL IN BRAZIL

To support our policies in Brazil, there were employed on April 30, 1971, in our agencies 588 U.S. citizens and 811 foreign nationals, excluding the Peace Corps volunteers. We have Foreign Service Officers

at the Embassy and five consular establishments. The Embassy itself is moving gradually this year to Brasilia from its previous main base in Rio de Janeiro, with the latter subsequently becoming a consulate general. We have an AID mission, still large but declining in numbers. The Department of Defense, in addition to its service attachés, maintains a declining but substantial military group responsible among other things for our work with the Brazil-United States Military Commission. Our U.S. Information Service has representatives, and helps in maintaining binational cultural institutes, in 11 principal cities throughout the country. The Embassy provides the base to which are attached representatives of a dozen other departments and agencies of the U.S. Government, in addition to those already mentioned.

The subcommittee has asked that I provide a detailed breakdown of United States Government personnel in Brazil, and the structure of our mission. I have this information and submit it now for the record, Mr. Chairman.

Senator CHURCH. Very well.

Mr. ROUNTREE. Also, I have been asked to provide information regarding Tranet Station 2008, which is a satellite tracking station located at Sao Jose dos Campos, State of Sao Paulo, providing geodetic information to the United States and Brazilian Governments. This station was established in 1960. The Government of Brazil, in response to a request made by the Embassy, authorized New Mexico State University to operate the station in cooperation with Brazil's National Commission for Space Activities. The university provides a full-time station manager who is assisted at times by research personnel from the United States. All data obtained by the station, which is located on the site of the Air Technological Institute of the Brazilian Air Force, are available to both governments.

I will be happy, Mr. Chairman, to answer any questions on these and other matters which members of the subcommittee might have.

(Attachments to statement follow:)

BRAZIL—COUNTRYWIDE AMERICAN AND LOCAL PERSONNEL, APR. 30, 1971

Agency	American	Local
Department of State	131	236
United States Information Service	41	140
United States Agency for International Development	248	334
Atomic Energy Commission	2	
Federal Aviation Agency	1	1
Foreign Agriculture Service	4	5
Library of Congress	1	15
National Institutes of Health		1
Peace Corps	23	25
Smithsonian Institute	3	
Treasury Attaché Office	2	1
Internal Revenue Service	3	
United States Travel Service		1
Department of Defense:		
Attaché Offices	14	6
Defense Research Office	1	2
Inter-American Geodetic Survey	11	12
United States Marine Guards	18	
Navy Communication Technical Group	25	2
Military Air-Ground Liaison Office	2	
Pan-American Hoof and Mouth Disease	1	
Students attached to Department of Defense—FAST program	3	
United States Military Group	54	30
Countrywide total [1]	588	811

[1] Total excludes 325 Peace Corps volunteers.

BRAZIL

COUNTRY-WIDE AMERICAN AND LOCAL PERSONNEL AT POST

Date: April 30, 1971

AGENCY	Rio de Janeiro		Brasilia		Sao Paulo		Recife		Porto Alegre		Belo Horizonte		Belem		Curitiba		Salvador		Fortaleza		Olinda		TOTAL	
	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local
DEPARTMENT OF STATE																								
Ambassador or Principal Officer Office	4	4	3	1	3	-	1	-	1	-	-	-	1	-	-	-	1	-	-	-	-	-	14	5
Political Section	19	1	11	-	8	3	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41	4
Labor Attaché Office	2	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-
Science Attaché Office	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Economic/Commercial Section	10	12	1	-	3	6	3	2	-	-	-	-	-	1	-	-	-	-	-	-	-	-	17	21
Consular Section	2	8	1	-	3	6	-	1	1	3	-	-	-	1	-	-	-	-	-	-	-	-	7	19
Administrative Section	5	-	2	6	1	3	1	1	-	5	-	-	1	2	-	-	-	2	-	-	-	-	10	19
Budget & Fiscal Office	2	21	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	23
Personnel Office	2	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	5
Language Training Office	-	6	-	1	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9
Regional Medical Office	1	1	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	1
General Services Office	2	72	1	20	-	4	-	2	-	1	-	-	-	1	-	-	-	1	-	-	-	-	3	101
Regional Security Office	3	7	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	8
Communications, Records and Telecommunications Office	14	18	5	-	4	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25	20
Total	67	156	25	29	23	27	11	7	2	9	-	-	2	5	-	-	1	3	-	-	-	-	131	236

BRAZIL

COUNTRY-WIDE AMERICAN AND LOCAL PERSONNEL AT POST

Date: April 30, 1971

AGENCY	Rio de Janeiro		Brasilia		São Paulo		Recife		Pôrto Alegre		Belo Horizonte		Belem		Curitiba		Salvador		Fortaleza		Other		TOTAL	
	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local
UNITED STATES INFORMATION SERVICE																								
Country and Branch Public Affairs Office	5	1	1	1	1	-	1	-	1	-	1	-	-	-	-	-	1	-	-	-	-	-	11	2
Executive Office (Administration)	1	9	-	1	-	3	-	2	-	-	-	2	-	-	-	1	-	-	-	1	-	-	1	19
Cultural Affairs Section	3	11	1	2	1	5	1	-	-	2	-	1	-	-	-	-	-	1	-	-	-	-	6	22
Bi-National Center Office	4	4	-	-	2	-	-	-	-	-	2	-	1	-	1	-	1	-	1	-	1	-	13	4
Information Section	4	26	1	3	1	21	1	5	-	3	-	3	-	3	-	2	-	4	-	1	-	-	7	71
Press Section	1	13	-	-	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	17
Book Office	1	4	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	5
Public Affairs Trainee	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Total	20	68	3	7	5	34	3	7	1	5	3	6	1	3	1	3	2	5	1	2	1	-	41	140
ATOMIC ENERGY COMMISSION																								
Nuclear Energy Attaché Office	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-

Date: April 30, 1971

BRAZIL

COUNTRY-WIDE AMERICAN AND LOCAL PERSONNEL AT POST

AGENCY	Rio de Janeiro		Brasilia		São Paulo		Recife		Pôrto Alegre		Belo Horizonte		Belem		Curitiba		Salvador		Fortaleza		Other		TOTAL	
	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local
FEDERAL AVIATION AGENCY																								
FAA Representative for Brazil	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
FOREIGN AGRICULTURE SERVICE																								
Agricultural Attache Office	1	4	2	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	5
LIBRARY OF CONGRESS																								
Field Director's Office	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Librarians	-	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9
Administration	-	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
Total	1	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	15
NATIONAL INSTITUTES OF HEALTH	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1

BRAZIL

COUNTRY-WIDE AMERICAN AND LOCAL PERSONNEL AT POST

Date: April 30, 1971

AGENCY	Rio de Janeiro		Brasilia		São Paulo		Recife		Porto Alegre		Belo Horizonte		Belem		Curitiba		Salvador		Fortaleza		Other		TOTAL	
	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local
PEACE CORPS																								
Peace Corps Director's Office	3	-	2	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	-
Administrative Management	-	8	-	2	-	1	-	1	-	-	-	1	-	-	-	-	-	1	-	-	-	3	-	17
Peace Corps Medical Office	1	8	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	8
Project Directors	-	-	-	-	1	-	1	-	-	-	1	-	1	-	-	-	1	-	1	-	7	-	13	-
Totals :	4	16	3	2	1	1	4	1	-	-	1	1	1	-	-	-	1	1	1	-	7	3	23	25
SMITHSONIAN INSTITUTE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-	3	-
TREASURY ATTACHE OFFICE	2	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	1
INTERNAL REVENUE SERVICE	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-
UNITED STATES TRAVEL SERVICE	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1

BRAZIL

COUNTRY-WIDE AMERICAN AND LOCAL PERSONNEL AT POST

Date: April 30, 1971

AGENCY	Rio de Janeiro		Brasília		São Paulo		Recife		Pôrto Alegre		Belo Horizonte		Belém		Cuiabá		Salvador		Fortaleza		Other		TOTAL	
	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local
DEPARTMENT OF DEFENSE																								
Air Attaché Office	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7	-
Army Attaché Office	2	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-
Naval Attaché Office	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-
Administration (Combined)	-	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
Total	12	6	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14	6
DEFENSE RESEARCH OFFICE	1	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	2
INTER AMERICAN GEODETIC SURVEY																								
Project Director	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-
Administrative Office	2	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	12
Geodesists and Cartographers	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6	-
Totals	11	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	12

BRAZIL

COUNTRY-WIDE AMERICAN AND LOCAL PERSONNEL AT POST

Date: April 30, 1971

AGENCY	Rio de Janeiro		Brasilia		São Paulo		Recife		Pôrto Alegre		Belo Horizonte		Belem		Curitiba		Salvador		Fortaleza		Other		TOTAL	
	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local
UNITED STATES MARINE GUARDS	12	-	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18	-
UNITED STATES MILITARY GROUP																								
MILGP Headquarters	16	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16	18
Army Section	11	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11	4
Navy Section	14	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14	3
Air Force Section	13	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13	5
Totals	54	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54	30
NAVY COMMUNICATION TECHNICAL GROUP	25	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25	2
MILITARY AIR GROUND LIAISON OFFICE	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-
PAN AMERICAN HOOF & MOUTH DISEASE	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-

BRAZIL

COUNTRY-WIDE AMERICAN AND LOCAL PERSONNEL AT POST

Date: April 30, 1971

AGENCY	Rio de Janeiro		Brasilia		São Paulo		Recife		Pôrto Alegre		Belo Horizonte		Belem		Curitiba		Salvador		Fortaleza		Other		TOTAL	
	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local	Am	Local
STUDENTS (Attached to Dept. of Defense)	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT																								
Direct Hire	74	233	7	14	-	-	20	86	-	-	-	1	-	-	-	-	-	-	-	-	-	-	101	334
Participating Agency Service Agreement (PASA)	43	-	3	-	-	-	4	-	-	-	1	-	-	-	1	-	2	-	-	-	2	-	56	-
Contract	37	-	1	-	3	-	18	-	8	-	-	-	-	-	-	-	-	-	7	-	17	-	91	-
Total	154	233	11	14	3	-	42	86	8	-	1	1	-	-	1	-	2	-	7	-	19	-	248	334
Country-Wide Total - excluding 325 Peace Corps Volunteers	373	547	52	52	36	64	60	101	11	14	5	8	4	8	2	3	6	9	9	2	30	3	588	811

TRANET STATION 2008—SÃO JOSÉ DOS CAMPOS, STATE OF SÃO PAULO, BRAZIL

The attached documents constitute the written record from Embassy files of negotiations between the U.S. and Brazilian Governments with regard to establishment and operation of Tranet Station 2008.

1. Embassy note No. 545 of March 10, 1960 (unclassified) requested GOB permission to establish and operate a station in the State of São Paulo as part of the Transit Navigational Satellite Program of the U.S. Department of Defense. (Attachment 1)

(On March 11, 1960, Ambassador Cabot was informed by Brazilian Foreign Ministry that project had been approved by President Kubitschek. According to our files, there was no written reply to our note.)

2. Embassy note No. 628 of April 18, 1960 (unclassified) requested custom duties and tax exemption for this authorized project. (Attachment 2)

(The exemptions were granted. There is no record of a written reply.)

3. Embassy A-311 of November 1, 1967 (unclassified) (a) provides a copy of Embassy Aide-Mémoire of September 5, 1967 (unclassified) requesting extension of the authorization for the station to June 30, 1970, and (b) a copy of the Brazilian Ministry note of October 30, 1967 (unclassified) granting the request. (Attachment 3)

4. Embassy note No. B-49 of September 18, 1970 (unclassified) requests extension of the station for 10 years from date of signature of a new agreement. (Attachment 4) To date the Brazilian Ministry has not made a written reply. Meanwhile the station has been operating under an informal oral agreement among the agencies concerned, with indications that the formal written agreement will be forthcoming soon.

NO. 545

The Ambassador of the United States of America presents his compliments to His Excellency the Minister for Foreign Affairs of the United States of Brazil and has the honor to inform him that:

1. A new satellite program of the Government of the United States of America is expected to produce basic scientific information of great importance and ultimately to establish an all-weather navigational aid available to all nations. The project is known as the TRANSIT Navigational Satellite Program, and is conducted by the U.S. Department of Defense.

2. Successful operation of the navigational system requires very precise knowledge of satellite orbits which are measured by passive, i.e., receiving only, stations. A survey of possible locations for such a station in South America has disclosed that São Paulo, Brazil, would be the most satisfactory site from which desired orbital data and other technical information may be obtained.

3. The contemplated receiving station would continue in operation for eighteen months or more. The requirements of floor space and power are very modest and the antenna for receiving has been described as a television-type.

4. Communications between the station and the program's control center in the United States would require a full duplex teletypewriter circuit. Existing commercial facilities possibly supplemented by existing United States governmental channels would be adequate for this purpose. The Government of the United States of America is prepared to make all arrangements with commercial entities for the leasing of lines and the provision of terminal equipment at São Paulo.

5. The proposed station would be staffed by a team of four civilian technicians and the participation of Brazilian scientists and technicians in the program would be most welcome at all times.

6. Equipment and personnel for the station would probably be brought into Brazil in a single transport aircraft.

7. To meet planned satellite launching schedules, it is desirable that the necessary equipment and personnel arrive at São Paulo not later than April 1, 1960.

The Ambassador of the United States of American recognizes that this project is being submitted to the consideration of the Brazilian authorities at a late date. He wishes to express the hope, however, that the Government of the United States of Brazil will find it possible to give its approval and support to this most worthwhile scientific undertaking. Approval by the Government of the United States of Brazil of the installation of the station described above would greatly expedite the successful achievement of project TRANSIT which has

basic scientific applications and the practical goal of establishing a new navigation system for the use of vessels of all nations

If the Government of the United States of Brazil approves the installation of the station in question, Brazilian guidance and assistance would be greatly appreciated in the selection of an appropriate site, which perhaps might be found at some established Brazilian academic or scientific facility. Technical details on site requirements will be supplied to the interested Brazilian personnel. Furthermore, the following authorizations by the Government of the United States of Brazil would be required: (a) for the introduction of personnel and equipment by April 1, 1960: and (b) for the exemption from any customs duties or taxes in connection with the introduction into or removal from Brazil of the equipment of the station, which is the property of the Government of the United States of America.

Endorsement of this program by the Government of the United States of Brazil and the subsequent participation in it by Brazilian scientific personnel should afford an early opportunity to make an important contribution to the development of satellite technology and man's conquest of space.

Embassy of the United States of America, Rio de Janeiro, March 10, 1960.

NO. 628

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and has the honor to refer to Embassy Note No. 545 of March 10, 1960.

Since the Brazilian government has authorized the operation of the project under reference, the government of the United States feels that it should be exempt from any custom duties or taxes in connection with the introduction or the removal of the equipment and personnel from Brazil upon completion of the project. To assist the Foreign Office in its approach to the Customs officials, the following specific information is cited:

> There will be a four-man operating team initially scheduled to arrive São Paulo about May 1: William Baer, Joel Trimble, Harold Kimley, Kenneth Bryant. Alternates are: D. D. Stevenson, Leon Bryant, R. T. Merriam, F. M. Ashbrook. Equipment list: A. Five equipment cabinets, each about 30 inches cube. Three contain electronic equipment for station (receivers; oscillator; frequency synthesizing equipment, typing reperforator, electronic time clock; electronic data logic module). Fourth contains auxiliary power equipment. Fifth contains text equipment. B. Two-drawer filing-cabinet with spare parts and stationery. C. Tape recorder. D. Three preamplifiers. E. Two helical antennas, each five feet long with five-foot diameterground plane and with 50-foot wire. F. Four folding chairs. G. One 50-cycle to 60-cycle power converter. H. Teletype unit. I. Nems Clark mod 2501 receiver (telemetry). Total weight of equipment packed for shipment is about 4,000 pounds.

The Embassy would appreciate expeditious clearance for this equipment so as to avoid delays If additional information is required, the Embassy will be glad to provide it upon request.

The Embassy takes this opportunity to renew to the Ministry the assurance of its highest consideration.

The Embassy of the United States of America, Rio de Janeiro, April 18, 1960.

DEPARTMENT OF STATE,

GEOSALT—Doppler TRANET Station 2008, *November 1, 1967.*

Department's CA-9894.

1. Pursuant to instructions in the referenced airgram, the Embassy held discussions with the Foreign Office on the possible extension of use of the São José dos Campos facility for satellite tracking (Station 2008)). During a meeting with Counselor Eduardo Moreira Hosannah on September 5, 1967, an Aide Memoire was left at the Foreign Ministry outlining the history of the tracking facility at São José dos Campos and stating the U.S. Government's interest in extending use of that facility until June 30, 1970. See enclosed copy of Aide Memoire dated September 5, 1967, (Enclosure A).

2. On October 31, the Embassy received a note (DNU/DAS/267/692.20 (22) (42), Enclosure B) dated October 30, 1967 which authorized the use of the 2008 tracking station at São José dos Campos until June 30, 1970 under the following conditions:

(*a*) Projects carried out at Station 2008, whose principal objective is to conduct Geodetic research of mutual interest to the Brazilian and North American governments, are for scientific and peaceful purposes.

(*b*) Specialized Brazilian technical personnel designated by the National Commission on Space Activities (CMAE) will participate in the activities of the Station which will be under the supervision of an adminstrator desgnated by the New Mexico State University.

(*c*) North American technicians and specialists will be replaced, insofar as possible by Brazilian technicians and specialized personnel.

(*d*) All data obtained by the Station will be made available to the Brazilian Government.

(*e*) The Station will retain its current equipment and the North American personnel in charge of its operation will not exceed, at any time, the number mentioned in the Aide Memoire referred to above.

3. The Embassy Aide Memoire was left at the Ministry to provide a further basis of discussion with the Foreign Ministry officers and other Brazilian Government personnel. It will be noted that its contents follow closely the material in the referenced circular airgram and enclosure describing facilities desired.

4. The Foreign Office did not propose an exchange of notes on the subject. For that reason no prior clearance of the communication left at the Foreign Office was made with the Department as suggested in paragraph 6 of the referenced circular airgram. It is hoped that the conditions under which the facility will be allowed to function are satisfactory to the Department and other interested American agencies.

TUTHILL.

Enclosure A:

AIDE-MEMOIRE

Subject: Geosat-Doppler Transit Station 2008.

Pursuant to the conversation between Counselor Eduardo Moreira Hosannah and representatives of the Embassy of the United States of America on September 1, 1967, concerning the passive satellite tracking station located at São José dos Campos São Paulo, reference is made to this Embassy's notes No. 545 of March 10, 1960 and No. 628 of April 18, 1960 expressing the wish of the Government of the United States of America to install such a station at São José dos Campos.

Counselor Hosannah will recall that the following résumé was discussed:

1. That the above mentioned station was originally established with the approval of former President Kubitschek, which was conveyed orally on March 11, 1960 to former U.S. Ambassador to Brazil John M. Cabot by Ambassador Pio Corrêa.

2. That the passive observation station was engaged in basic research and development under the TRANSIT Navigational Satellite Program and that as a by-product of the station's observations, valuable contributions were also made to geodesy.

3. That the originally contemplated period of operation of the station was stated as being some 18 months, with the implication that this period might be extended if scientific needs so indicated. The TRANSIT Program, however, took much longer to complete than was originally estimated, hence the station has continued to operate on an informal basis.

4. That on July 1, 1966 the objectives of the station were transferred to the Mapping, Charting and Geodesy Program of the Department of Defense and the station designation was changed from 008 to 2008.

5. That for the first six months the station was operated by the Naval Ordnance Test Station. Since then responsibility for its operation has been in the hands of New Mexico State University, under contract to the U.S. Navy, which has enjoyed informal but close cooperation with the Comissão Nacional de Atividades Espaciais (CNAE).

6. That since the United States Government's Geodetic Satellite Program has been greatly expanded and stations are being established in a broad and global network, it is the desire of the United States Government to utilize the sta-

tion in its geodetic research for a continued period of time terminating June 30, 1970.

7. That if permission is granted for the continued operation of the station as mentioned above, the United States of America hope to enlarge the NMSU/CNAE cooperation to include direct Brazilian participation wherever feasible.

8. That in continuing the operation of the station, whereby its main function is directed towards geodesy, no change in either personnel or equipment is necessary. The number of personnel involved in the operation will remain small, i.e., six or eight at any one time.

9. That the equipment is owned by the U.S. Government, specifically the U.S. Navy, and it will be removed upon completion of the program of geodetic satellite observations.

10. That the Government of the United States of America believes that the continued operation of Station 2008 will constitute a significant contribution to the Geodetic Satellite Program and consequently to geodesy.

11. That the Government of the United States of America therefore hopes that the Government of Brazil will find it possible to approve the continued operation of the station until June 30, 1970.

Enclosed is a description of the station and its purpose.

Embassy of the United States of America, Rio de Janeiro, September 5, 1967.

Enclosure B:

ENGLISH TRANSLATION OF THE BRAZILIAN FOREIGN MINISTRY NOTE ON TRANET STATION 2008

The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and, with further reference to the request contained in the aide-memoire of September 5, 1967, concerning the continuation of satellite tracking station 2008, installed at São José dos Campos, State of São Paulo, as part of the geodetic satellite program of the United States, has the honor to inform it that the Brazilian Government has decided to extend the authorization for operation of the aforesaid station to June 30, 1970.

2 While informing the Embassy of the Brazilian Government's decision, the Ministry of Foreign Affairs makes it clear that the authorization is granted in the understanding that:

(*a*) The projects carried out at station 2008, whose chief aim is to conduct geodetic research of mutual interest to he Brazilian and United States Governments, are designed for scientific and peaceful purposes;

(*b*) The station, of which the supervision is vested in an administrator appointed by the State University of New Mexico, will have direct participation by Brazilian technical and specialized personnel, appointed by the National Commission on Space Activities (CMAE);

(*c*) American technicians and specialists will be replaced insofar as possible by Brazilian technical and specialized personnel;

(*d*) All data obtained by the station will be made available to the Brazilian Government;

(*e*) The station shall maintain its present equipment and the strength of the American personnel entrusted with its operation shall at no time exceed the eight persons noted in the above-mentioned aide-mémoire.

Rio de Janeiro, October 30, 1967.

B—49

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and has the honor to note that informal discussions have taken place among officials of the Comissão Nacional de Atividades Espaciais, Força Aérea Brasileira, Mexico State University, Ministério das Relações Exteriores, and this Embassy concerning the continuation of the operation of the Doppler Satellite Tracking Station, located in São José dos Campos, known as Station 2008. As a result, the Embassy of the United States of American purposes that the continued operation of the Station be provided for by an agreement between our two governments a proposed text for which is attached.

The Embassy takes the opportunity to renew to the Ministry the assurance of its highest consideration.

Embassy of the United States of America, Brasilia, September 18, 1970.

AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED STATES OF AMERICA AND BRAZIL

I. The Government of the United States of America is authorized to continue operations at the Doppler geodetic satellite tracking station at São José dos Campos in accordance with the provisions of this agreement.

II. Projects carried out at station 2008, which operates principally to conduct geodetic research of mutual interest in the governments of the United States of America and Brazil, shall be for scientific and peaceful purposes.

III. Subject to the availability of funds to all parties concerned, the station will continue to be staffed by a team of civilian technicians and will be under the direction of a station manager designated by the New Mexico State University. The participation of Brazilian scientists and technicians in the program will continue, as in the past, to be most welcome at all times. The station will retain its current equipment and its United States personnel will not exceed five persons at any time.

IV. Communications with the station will be maintained over a full duplex typewriter circuit, utilizing existing United States Government channels. The Government of the United States will make all arrangements with commercial entities for the leasing of lines and the provision of terminal equipment at São Paulo (or São José dos Campos).

V. Administrative or logistical support for the station will continue to be provided as in the past by the Brazilian National Commission on space activities (CNAE) and the Brazilian Air Force. Specialized Brazilian technical personnel designated by these agencies will continue to participate in the activities of the station.

VI. United States personnel will be replaced, insofar as possible, by Brazilian technicians and specialized personnel.

VII. All data obtained by the station will be made available to the Brazilian Government.

VIII. The Station's equipment is the property of the Government of the United States of America and may be brought into or removed from Brazil without payment of customs duties or taxes.

IX. This agreement shall remain in force for a period of ten years from the date of its signature. However, the agreement may be terminated by either government after giving six months notice in writing to the other government of its intention to terminate it.

Senator CHURCH. Thank you, Mr. Ambassador, for your statement and for the material that you have submitted in response to the committee's request. I will have a number of questions. I think that Mr. Holt will have others and I would like to defer first of all to Senator Aiken for any questions he would like to put to you at this time.

ATOMIC ENERGY COMMISSION PERSONNEL

Senator AIKEN. No. I have just come from Appropriations. What are the two personnel provided by the Atomic Energy Commission doing, measuring radiation from the sands or what?

Mr. ROUNTREE. No, it is a technical group that maintains contact in scientific fields.

Senator AIKEN. I know you have two.

Mr. ROUNTREE. Yes.

Senator AIKEN. There are certain areas of Brazil where the radiation amounts to several times what is considered safe by our environmental societies. I suppose they are down there trying to determine how it is that people have been living there all these centuries with that. You do not know just what they are doing there?

Mr. ROUNTREE. I do not know the extent to which they collect that type of information, Senator.

Senator AIKEN. I see.

Mr. ROUNTREE. I am sure all aspects of atomic energy matters would be within their purview.

AGRICULTURAL ATTACHÉ

Senator AIKEN. Do you have an agricultural attaché?

Mr. ROUNTREE. Yes, we have an agricultural attaché.

Senator AIKEN. Does he get mileage money, going out a little?

Mr. ROUNTREE. He does travel extensively in the country. As you know, the Brazilians buy American commodities in the agricultural field and he is interested in the sales aspect as well as in the production of Brazilian commodities.

Senator AIKEN. I expect the situation has changed since Pat Holt and I were down there and the agricultural attaché did not have money to get more than a few miles out of Rio. But I presume he can get much farther now. I have got no more questions, Mr. Chairman. I am sorry to have missed your statement but I had to be at the other committee at the same time.

SCIENTIFIC REPRESENTATIVES

Senator CHURCH. You have a science attaché at the Embassy, do you not, Mr. Ambassador?

Mr. ROUNTREE. Yes, we do.

Senator CHURCH. What is the need of having both a science attaché and this special AEC group there? Are they not overlapping?

Mr. ROUNTREE. It reflects, in part, the differences in agencies which they represent. To some extent there is an overlapping, naturally, but there is very close coordination among the people in the Embassy engaged in scientific matters of all types. This includes the science attaché, the AEC representatives, and the defense research officer.

Senator CHURCH. Yes, Defense also has a scientific representative whose purpose is to funnel American grants into Brazil for various research purposes. It seems to me that all three agencies would not need personnel in Rio. Is there really a justification for that many people acting as conduits for scientific purposes or for making money available for research?

Mr. ROUNTREE. In part, Senator, this organizational structure which provides representatives of three separate governmental entities reflects the——

Senator CHURCH. I understand it is five, excuse me, I forgot the NIH and also the Smithsonian Institution for additional representatives.

Mr. ROUNTREE. Primarily the functions of these several personnel reflect the interest and the responsibilities of their respective agencies. Now, for example, the Defense representative is concerned not merely with Brazil but for South America as a whole. His function deals with area assistance of this sort.

REDUCTION OF U.S. PERSONNEL

I am aware that a large number of American agencies are represented in the Embassy structure in Brazil. I hope that as time goes on the streamlining which is now in process and has been in process for some time, will continue, and that any unnecessary overlapping and duplication will be resolved.

Senator CHURCH. Well, I share your hopes in that regard because at one time we had an apparatus in Rio that must have been representative of the entire Federal Government, all of its departments and agencies. The size at least was suggestive of that and I would like to know, Mr. Ambassador, how much success you have had since you became Ambassador in cutting down the size of the official American establishment in Brazil.

Mr. ROUNTREE. At the present time, Senator, we have 588 Americans and 811 local employees in all of the country of all departments and agencies represented in our Embassy structure, excluding 325 Peace Corps volunteers. There is in process a reduction of some of our programs. This will continue. The reduction, for example, in our aid program already has been substantial, although I do not have immediately available the total number of personnel in Brazil 2 years and a year ago. I will be glad to submit that for the record, but there has been a downward trend. Reduced programs, and efforts to streamline the organization to the fullest extent, will continue.

Senator CHURCH. Mr. Ambassador, presently you have about 1400 people on the payroll excluding Peace Corps volunteers.

Mr. ROUNTREE. Yes.

Senator CHURCH. Does that not strike you as being an extraordinarily large cadre?

Mr. ROUNTREE. It is one of the largest Embassy establishments in the world. Of course, if you analyze the programs we have in operation in Brazil, you will see that they embrace activities of many U.S. governmental agencies including the Treasury, the Library of Congress, various agencies of the Department of Defense, the U.S. Travel Service, and so forth.

Senator CHURCH. What is the Library of Congress doing in Rio?

Mr. ROUNTREE. The Library of Congress has a staff which collects for the Library a vast amount of Brazilian publications. It has a collection function.

Senator AIKEN. How many members of the Peace Corps are down there now?

Mr. ROUNTREE. Three hundred and twenty-five volunteers and a staff of 23 Americans and 25 locals.

Senator AIKEN. The Americans are trained in Vermont.

TRANET 2008

The other question I have is what do we pay for Tranet 2008? Is not that in the State of Sao Paulo? And it is a tracking station, is it not?

Mr. ROUNTREE. It is a tracking station. It is located on an Air Force facility in the State of Sao Paulo. I am not certain, but I do not think this involves the payment of rent but I will have to check that.

Senator AIKEN. We used to have a tracking station on an island, did we not, off the coast?

Mr. ROUNTREE. Yes, we did.

Senator AIKEN. And paid about $27 million a year.

Mr. ROUNTREE. That facility is no longer operative.

Senator AIKEN. That is something that Panama did not like compared to the rental we were paying for the Canal Zone. This tracking station in Sao Paulo is under the military, is it?

Mr. ROUNTREE. The present station 2008 is under the military but it is handled by a contract with the University of New Mexico, which actually operates the facility.

SIZE AND POPULATION OF BRAZIL

Senator AIKEN. Frankly, I think we should pay more attention to Brazil than to most countries, because Brazil has tremendous potential. It is bigger than we are, if you leave off Alaska.

Mr. ROUNTREE. If you leave off Alaska. It constitutes——

Senator CHURCH. We do not want the record to show we have left off Alaska.

Senator AIKEN. No, we would not do that. Mainland of the United States.

Mr. ROUNTREE. It constitutes half the land area of South America and half the population of South America. It is a very important country.

Senator AIKEN. And the population is increasing fast.

Mr. ROUNTREE. The population is increasing rapidly but not as rapidly as was thought before the most recent census.

Senator AIKEN. Yes.

Mr. ROUNTREE. 2.7 percent.

PROJECTED REDUCTIONS OF AMERICAN STAFF

Senator CHURCH. Mr. Ambassador, if you would supply us the figures of the total numbers employed in previous years I would like to have that information. I also would like to have more specific figures on projected levels of employment as you streamline the administration of our program in Brazil. You have said there will be further reductions of the staff. Will you be more specific?

Mr. ROUNTREE. Some of our programs, as you know, Mr. Chairman, are being phased out. Some have been discussed, I think, by my colleagues with you in their own testimony. The AID program has been reduced very substantially from its peak. The precise level of personnel in AID depends in part upon decisions that are now being made or soon will be made with respect to the organizational structure for

AID programs generally; and the precise nature of projects to be continued in Brazil. We do anticipate further reductions in the AID program, and we anticipate a further reduction in our military mission which is already down substantially from its peak. At the present time we have 54 Americans in our military mission and we expect to have not more than 45 in the period immediately ahead. These are the two largest missions, both of which will be reduced in size. There are other functions that can be streamlined, I am confident, but it would be very difficult at this stage to make precise predictions.

Senator CHURCH. I would like to ask that the State Department furnish us with a projection. We have many such projections offered at the time the foreign aid bill comes up concerning anticipated levels of spending and levels of employment of American personnel and much foreign personnel, so I would like to request that a projection be given to the committee for incorporation in the appropriate place in the record showing what the Department anticipates those downward reductions will be in the coming year and perhaps the following year.

Mr. ROUNTREE. We will submit that, Senator.

Senator CHURCH. Will you do that, Mr. Ambassador, and I would appreciate it.

Mr. ROUNTREE. With the best judgment that we can render at this stage.

Senator CHURCH. It seems to me that the size of our bureaucracy is simply immense. This is a problem quite apart from the wisdom of our policy, which is something that we will want to get into in a moment. It is a problem simply from the standpoint of administering our programs whatever they are, whether they are civilian or military in character. I think there is nothing like it in the history of other nations. According to the Library of Congress, the number of British civil servants in India at the time of its independence totaled approximately 1,600. We do not have anywhere near the same responsibility in Brazil that the British had in India—it is totally different—yet we have almost as many people there. The same problem is endemic in the military forces of this country. We are asked to maintain an Army of about a million men, but out of the million men we are financing we can only get about 13 divisions of fighting men. Never in the history of the world has an Army consisted of so few feet and so much tail. This problem of bureaucracy is an extraordinarily serious one with which we have not adequately coped. You may remember that when you came before the committee for confirmation we discussed this point. Brazil, of course, is a flagrant example of an American establishment that is out of all proportion to what would seem to be the prudent size. That is why I think we need to see what these figures are, what they have been, where we have been, where we are now and where we propose to go, and I would appreciate your cooperation in seeing that they are supplied.

Senator AIKEN. Let me say first, Mr. Chairman, you compared India and Brazil. My experience in the U.N. is Brazil always voted with us and India always voted against us. I do not know what the significance is of that, but it is a fact, nearly always. I think Brazil voted against us once, according to my recollection.

Senator CHURCH. I think these figures are extremely interesting when you consider that just prior to independence the British were presumably administering the country with 1,600 for all of India, and we have had something in excess of that in the past just to administer our own programs in an independent country, Brazil.

Mr. ROUNTREE. Senator, I am sure I need not point out that the vast majority of the people involved in our missions in Brazil are technicians of one sort or another engaged in project activities that do not involve in any sense administration of the Government of Brazil or agencies of the Brazilian Government but are merely——

Senator CHURCH. Of course, that is my very point, we are not engaged in administering the country. We are just engaged in administering our own programs.

Mr. ROUNTREE. In rendering advice and assistance in those areas requested of them.

Senator CHURCH. Yes. So, one would think that the numbers we would need to employ for that purpose would not have to be so large. In any case, the figures establishing the trend would be very helpful to us.

Mr. ROUNTREE. I would be glad to supply that.

(The information referred to follows:)

U.S. GOVERNMENT PERSONNEL IN BRAZIL

	Fiscal year—				
	1969 [1]	1970 [2]	1971 [3]	1972 [4]	1973 [4]
State	137	134	127	127	118
USIS	47	42	40	40	40
USAID	284	275	248	222	191
Direct hire	(126)	(132)	(110)	(100)	(78)
PASA	(60)	(61)	(55)	(52)	(49)
Contract	(98)	(82)	(83)	(70)	(64)
AEC	2	2	2	2	2
FAA	1	1	1	1	1
FAS	5	5	4	3	3
LOC	1	1	1	1	1
NIH	1				
Peace Corps	24	25	19	17	15
Smithsonian	2	1	3	3	3
Treasury Attaché	3	2	2	2	2
IRS	3	3	3	2	2
USTS	2	2			
Defense Attaché	15	15	14	14	14
DRO	3	2	1	1	1
IAGS	18	14	12	10	10
Marines	16	19	12	12	12
MILGROUP	81	78	56	47	45
Other	33	32	28	26	26
Total	678	653	573	530	486
Peace Corp volunteers	426	370	325	300	300
Grand total	1,104	1,023	898	830	786

[1] As of June 30, 1969.
[2] As of May 31, 1970
[3] As of Mar 31, 1971.
[4] Estimated end fiscal year.

Senator CHURCH. Mr. Ambassador, in your statement—incidentally, Senator Pearson, any time you would like to ask questions please feel free to do so.

SECURITY MEASURES FOR STAFF

Senator PEARSON. Mr. Ambassador, apropos the number of people, what security measures are deemed necessary for our people in the Embassy at this stage?

Mr. ROUNTREE. The Government of Brazil has indicated great interest in our security and is assisting in providing security for American personnel. Of course, the facilities made available differ vastly among the levels of personnel. For example, the security arrangements for the Ambassador, for myself, are substantial in the number of police guards who accompany me wherever I go. Similar arrangements on a much smaller scale are made for other senior American personnel. The diplomatic corps, as a whole, is provided security by the Brazilian authorities.

Senator PEARSON. Let me just ask you this. Is it adequate, in your judgment?

Mr. ROUNTREE. I think the precautions taken by the Government of Brazil are quite reasonable.

Senator PEARSON. Thank you, Mr. Chairman.

INVOLVEMENT IN BRAZIL'S INTERNAL AFFAIRS

Senator CHURCH. Mr. Ambassador, in your statement you emphasize that we should avoid involvement in Brazil's internal affairs. I agree with that, but are we not, in fact, involved in a great many ways in the internal affairs of Brazil as an actual matter of fact when you consider the training we are giving to Brazilian police, training for the Armed Forces of Brazil, and the setting of educational standards. I understand we even had Internal Revenue men instructing the Brazilians on how to collect taxes. Is not the truth of the matter that we are engaged very deeply in activities that relate directly to the internal affairs of Brazil?

Mr. ROUNTREE. Senator, speaking generally of our aid programs not only in Brazil but in other countries in which we operate, there are many areas in which the governments have determined that they need advice and assistance, and they solicit our aid. The provision of technicians and advisers for the purposes that you mention, and others, is in response to the request of the Government of Brazil, and the operations of these people are wholly consistent with the sovereignty of Brazil.

Senator CHURCH. Your answer, of course, then to my question is yes; we are deeply involved in the internal affairs of Brazil, but at the request of the Brazilian Government, is that it?

Mr. ROUNTREE. I would say there is a vast distinction between——

Senator CHURCH. Would you say we are or are not involved in the internal affairs of Brazil?

Mr. ROUNTREE. To the extent that the Government of Brazil has requested assistance——

Senator CHURCH. Yes.

Mr. ROUNTREE. In various fields, and we have responded where we felt it appropriate to do so.

Senator CHURCH. To that extent we are involved in the internal affairs of Brazil.

Mr. ROUNTREE. We are involved in internal affairs of Brazil only at the request of the Brazilian Government.

Senator CHURCH. Yes. You see, there is always this ritual in connection with explaining our foreign policy of saying to start with that we should not become involved in the internal affairs of these countries, but the actual character of our policy does, in fact, involve us very deeply in internal affairs.

Mr. ROUNTREE. I am speaking now of the unwarranted and unsolicited involvement which could be interpreted as improper.

Senator CHURCH. Well, I would not think that there would be any way for us to involve ourselves in an unsolicited fashion in the internal affairs of Brazil, would there?

Mr. ROUNTREE. We are very careful to avoid it. And I might say this is not unique to the United States. Wherever there are technical assistance programs, whether they are under the United Nations or under the half dozen or more other governments providing technical assistance to Brazil in response to requests of the Brazilian Government, they obviously are working on matters within the internal competence of the Brazilian Government, but at its request.

Senator CHURCH. Do you believe that we have conducted our aid program in Brazil over the years in ways that would not interfere in the internal affairs of the country unsolicited by the Government?

Mr. ROUNTREE. As you know, I am quite new to Brazil and I can speak only by virtue of my experience there during the course of the last 6 months, and what I have read and heard of our operations before then. I think that there has been a very careful application, in our approach to Brazil, of the properties of international relations in carrying out our programs.

Senator CHURCH. The subcommittee has had reports to the effect that some of our loans were made to certain states in Brazil a few years ago for purposes of affecting the internal politics of the country. That we were interested in promoting certain governors of Brazilian states, that we had reasons to feel that the Central Government at the time was following policies of which we disapproved and, therefore, we utilized our loan money to reach certain states and governors that we felt would pursue policies that we favored. Is that the way, is that the case? What do you have to say about that?

Mr. ROUNTREE. I can say that our aid programs being conducted in Brazil today and during the period in which I have had responsibilities there have been entirely consistent with the desires of the Government of Brazil. Relationships with the Government of Brazil have been wholly proper.

Senator CHURCH. Yes; but you have been dealing with a government of which we have officially approved. I am speaking of a previous period when we had a very large aid program but when we had differences with the Central Government, and then, according to information available to the subcommittee, used the aid money for purposes of trying to influence the internal politics of the country.

Mr. ROUNTREE. Senator, let me say that it is my understanding that, particularly in the early sixties, the economic situation in Brazil was in poor condition. There was rampant inflation, there were economic

pressures of various sorts, there was the lack of a government program which could give confidence to the international community concerning the future of Brazil's economic structure.

During that period discussions were held by Brazil and the United States on a number of substantial economic programs, some of which materialized but some of which did not because of the inability or unwillingness of the Government to take measures that were necessary in order to make them wise and fruitful programs. This related not only to the United States aid but to international aid, including the International Monetary Fund.

Senator CHURCH. Yes; we have had reports relating to that time to the effect that loans were made to various state governments where we were favorably disposed toward the governor. Now, if that is so, does that not constitute internal meddling in the politics of Brazil, that is unsolicited by the Government of Brazil?

Mr. ROUNTREE. Well, if I may, Senator, continue what I was saying——

Senator CHURCH. I wish you would address yourself to this question. This is the information we had and my question is if that is so——

Mr. ROUNTREE. With the background I have given about these difficulties, I was going on to say that in these circumstances our aid was undertaken in those areas where we felt that it would be most effective. If this meant concentration of aid programs at state levels or in particular areas, there was at the same time no lack of disposition on our part to undertake programs in areas of more direct and immediate concern to the Central Government if conditions had been established which would make it possible to proceed.

Senator CHURCH. Well, I think we will let the record stand where it is.

PUBLIC SAFETY PROGRAM

In connection with the public safety program in Brazil, Mr. Ambassador, do you not think that that is a very highly sensitive field for a foreign government like our own to involve itself? I cannot think of a relationship more sensitive between a government and the governed than its method of enforcing its laws and dealing with its own citizens through the exercise of the police power. That is the very heart of sovereignty but we have been engaged in giving training to the Brazilian police and in equipping the Brazilian police and furnishing them with certain kinds of communication equipment, vehicular equipment, and limited quantities of tear gas and other devices for maintaining crowd control. What do you think the reaction in this country would be if Brazil were up here at the request of our Government giving us instruction, giving our police instruction as to the methods they should use in dealing with American citizens in the streets? What do you think the reaction in this country would be if Brazil were doing up here what we have been doing down there?

Mr. ROUNTREE. Well, it would be hard for me, Senator, to visualize a situation in which, with our advanced police methods, that situation could come about, but I realize your question is purely hypothetical.

Senator CHURCH. Well, only in part hypothetical, Mr. Ambassador, because your director in his testimony, said that he felt that he would be safer on the streets of Rio than he would be on the streets of

Washington, and I asked him why in that case it was necessary for us to instruct the Brazilians in police matters. I am not so sure that it is all that clear that we are superior and more knowledgeable when it comes to police activities than Brazil. The question I ask you is rhetorical in the sense that I know what the reaction of this country would be and you do, too, if Brazil were engaged in such a program or any foreign government were in the United States.

Now, why do you think that Brazilian people would feel differently about such a program or would welcome such a program?

Mr. ROUNTREE. Well, let me address myself——

Senator CHURCH. If you do.

Mr. ROUNTREE. Let me address myself to the situation as I see it, taking your question fully into account.

Senator CHURCH. Yes.

Mr. ROUNTREE. The decision was made a number of years back that as part of our aid program we should be in position to respond to requests of friendly governments for assistance in the public security field, and this was undertaken not only in Brazil but in a good many countries. Ten years ago the Government of Brazil asked that such a public safety program be undertaken. We responded. The mission has been in the country for these 10 years. At one time it had a total of 23 advisers working not merely with the newly constituted Federal police, but also with state police authorities.

The program was intended to achieve its purposes in a stated period of time, and then to withdraw. At the present time there are only three of these 23 remaining in the country. They are working directly with the Federal police. They have assisted them by various ways to adopt modern police techniques, and particularly modern training methods.

The general public reaction in Brazil, to my knowledge, and to the best of my belief, has not been adverse. The Government has appreciated the efforts of the mission. By the Government, I mean not only the present Government, but governments going all the way back to the late fifties when President Kubitschek was in power at the time the mission was established. Most of the equipment, at least a good part of the equipment that you have referred to, was provided for training purposes, illustrative purposes during the early period of the training mission. I would say that the public reaction to it has not been nearly as profound or as adverse as you have indicated would be the case if the Brazilians should send a police mission to the United States. I think it has achieved substantially the purposes for which it was established——

PUBLIC REACTION TO PUBLIC SAFETY PROGRAM

Senator CHURCH. On what basis do you say that you do not feel the public reaction to this program has been bad? Have you any evidence other than subjective evidence to bear on that question?

Mr. ROUNTREE. As in the case of most evaluations of this sort one has to apply a subjective judgment, and you do to this——

Senator CHURCH. Do you think you are close to the popular attitude in Brazil, Mr. Ambassador?

Mr. ROUNTREE. We do this on the basis of what we hear in comments, see in press reports, and gain in impressions from a wide range of contacts in our daily associations in Brazil.

Senator CHURCH. Do you think your contacts are representative of the cross section of the Brazilian people?

Mr. ROUNTREE. We do everything possible to assure that they are and obviously we cannot be a hundred percent successful in this regard. But surely it is the responsibility of any ambassador, and any diplomatic mission, to the fullest practicable extent to have a feeling of public opinion, what people across the wide spectrum of the public feel. There has not to my knowledge been any strong adverse reaction to this public safety program, although there has been some, including criticism of it in propaganda appearing abroad.

Senator CHURCH. Do you equate criticism with propaganda?

Mr. ROUNTREE. No, of course not necessarily. I say there has been a lot of propaganda abroad about this. There has also been a lot of quite honest and legitimate comment about it. The impression that I have, in my limited stay in Brazil, is that this is not a burning issue.

ATTITUDES TOWARD POLICE.

Senator CHURCH. Are the police popular with the Brazilian people?

Mr. ROUNTREE. That would be a very difficult question for me to answer. I honestly do not know the extent of the popularity of the police in Brazil as a whole.

Senator CHURCH. There have been a great many reports concerning torture methods being utilized by the police in Brazil coming from many different sources, and some official acknowledgement that this has happened in Brazil. These methods must be known to the people of the country; are they not?

Mr. ROUNTREE. There have been a number of articles. As a matter of fact, one of the leading members of the Cabinet only recently said that it would be wrong to deny that excesses have occurred, and also, if I remember his words correctly, that it would be wrong to say that this was condoned or was widespread. President Medici himself has acknowledged that there have been excesses but he has pointed out this is not condoned by the Government. I think in answer to your question, the discussion of this in public print in Brazil, and information coming to Brazil from the outside has caused many people in Brazil to inquire about it or to wonder about it. [Deleted.]

Senator CHURCH. We have had reports to the effect that the people of Brazil were accustomed to police brutality, and that, therefore, there was no particular public resentment of current reports of such excesses in prisons or of abusive treatment of prisoners. Do you share that?

Mr. ROUNTREE. I think there has been outspoken criticism from various quarters in Brazil, including in particular members of the clergy concerning excesses of this sort.

Senator CHURCH. Have you expressed the concern of the Government of the United States about the torture in question in Brazil to the President of the country?

Mr. ROUNTREE. To the Government, yes. I might say that the Department of State here in Washington has mentioned its concern to the

representatives of Brazil, and the various members of the mission, both before and after my arrival, have indicated concern regarding these stories.

TERMINATION OF PUBLIC SAFETY PROGRAM

Senator CHURCH. Is the public safety program scheduled to terminate soon?

Mr. ROUNTREE. Yes, sir; it is. The decision has been made that it will be terminated. There are only three public safety advisers there now as compared with, I think seven when I arrived; those three will be reduced to two by the end of this year, and final liaison representatives will leave in June of 1972, according to schedule.

Senator CHURCH. After the final American connected with the program leaves will there be a continuing program carried on in this field involving either grants of equipment, vehicles, communication equipment or police equipment or continuing training of Brazilian policemen in American police academies?

Mr. ROUNTREE. We have not discussed with the Government of Brazil any arrangements following the termination according to schedule of our public safety mission.

I do not anticipate any additional programs in this field. I think the purposes of the program have been largely accomplished. Insofar as equipment is concerned, there is no thought being given to new projects. As to whether or not there will be any exchange of personnel as part of our technical assistance program for training purposes, we really have not addressed ourselves to that. I would not exclude it if it seemed desirable, but no arrangements have been made.

POSSIBLE SALE OF ASW EQUIPMENT TO BRAZIL

Senator CHURCH. Last week we heard testimony to the effect that Brazil was interested in purchasing antisubmarine warfare equipment from the United States. Are negotiations now underway for the sale of such equipment to Brazil?

Mr. ROUNTREE. Discussions were underway in Brazil as of the time I left regarding the possible sale of Orion aircraft. It is not at all certain the Brazilians will buy the American commodity, however. We do know that the Brazilians have had extensive negotiations with the French on a similar plane, the Atlantique. But what their decision will be, I do not know, and I have had no reports within the last 48 hours.

Senator CHURCH. Do the Brazilians believe they are faced with the threat of a submarine attack?

Mr. ROUNTREE. As you know, Senator, the Brazilian Navy has been in existence for a considerable period of time, and has cooperated with the American Navy in many respects. We engage in joint discussions and joint planning with them. I think the Brazilians would like to have the capability of contributing to the defense of this hemisphere in various respects including antisubmarine warfare. The extent of their involvement in or planning for this, I am not in position really to know.

Senator CHURCH. Do our submarines transit the waters claimed by Brazil? I believe the Government now claims a 200-mile zone to sea, does it not, as part of its territorial waters?

Mr. ROUNTREE. That is correct. They have made such a claim.

Senator CHURCH. Do our submarines transit those waters?

Mr. ROUNTREE. I am not aware of any submarines having actually transited those waters or having been in the vicinity within the past several months but, of course, American warships are frequently there.

Senator CHURCH. These planes would be designed and equipped to patrol these waters, would they not, if the Brazilian Government purchased them?

Mr. ROUNTREE. Would you repeat that, sir?

Senator CHURCH. These planes—antisubmarine planes—would be designed and equipped to patrol these waters?

Mr. ROUNTREE. They are patrol craft; yes.

Senator CHURCH. If the Brazilian Government would purchase them——

Mr. ROUNTREE. They are patrol planes.

Senator CHURCH. That would be their purpose?

Mr. ROUNTREE. Yes.

U.S. INTEREST IN AIDING BRAZIL

Senator CHURCH. Since 1964, if my memory serves me right, we have spent about $2 billion—around $2 billion—in connection with our various aid programs for Brazil.

Mr. ROUNTREE. Yes, sir.

Senator CHURCH. How does that figure compare to the AID programs we have conducted elsewhere in Latin America?

Mr. ROUNTREE. The total figure, of course, is much larger than the figure in any other Latin American country. Applying that figure on a per capita basis it is by no means the largest. I think I have somewhere some statistics indicating how it stands on a per capita basis. Brazil ranks 12th out of 15 Latin American recipients of American aid on a per capita basis.

Senator CHURCH. What would be your basis for justifying the expenditure of $2 billion in Brazil since 1964? What would be your listing of our national interests that have been served by this program?

Mr. ROUNTREE. Senator, I would find it difficult to assign in precise order our national interests served by this program, but I think that first, speaking generally, is the national interest of contributing to the extent possible to the improvement of the living standards of the people in this hemisphere, of joining in the humanitarian efforts to improve the way of life of other countries in this hemisphere. This is important not merely to the individual countries themselves, but to the region as a whole and to the free world as a whole. This looms of considerable importance.

BRAZILIAN FOREIGN DEBT SERVICE

Senator CHURCH. In that connection, if we may take them one at a time, you mentioned the improvement of living standards of the people of Brazil that comes at least to your mind first of all in response

to my question. To what extent is the economic development of Brazil or the improvement of living standards, as you put it, served by the importation of capital? I understand that about 25 percent of Brazil's foreign exchange earnings are now required to repay external loans. I think that figure comes perilously close to the maximum that a country can support and still profitably import additional amounts of foreign capital. Is not Brazil very close to the point where she is going to have to look to internal capital rather than to rely further on foreign capital if the best interests of her own economic growth are to be served?

Mr. ROUNTREE. I would say, sir, to put this in perspective we have to go back a bit to the early and midsixties, when the bulk of our aid programs were decided upon and were put into effect at that time bilateral assistance from the United States played a tremendously important role in providing capital needed to start the machinery of development. That is not to say that the amount of money that we put into Brazil was, in terms of percentage, an overwhelming quantity but, nevertheless, it served as an extremely useful catalyst, and I think contributed materially to the development of a broader economic base upon which remarkable progress has been made in succeeding years.

Now, during the past 3 or 4 years in Brazil the annual rate of progress, a GNP increase of from 7 to 9.5 percent has expanded the economic base upon which the present prosperity has flowed. And it has been necessary for the Brazilians in order to capitalize upon these opportunities, to look not only to us but to international lending agencies for capital to supplement their own resources.

With this increased economic base, with the increased production, increasing exports, the capacity of the Brazilians to service loans is infinitely greater today than it was 5 years ago, and with any reasonable continuation of this progress in the course of the next 5 years there should not be a crisis in the terms that you have mentioned, a crisis in terms of the servicing capabilities of the Brazilian economy.

I think that investment capital, from bilateral aid, from international lending agencies, and particularly from Brazilian and foreign private firms, has been responsible for this relatively good economic position that the country is in today.

USE OF MULTILATERAL INSTITUTIONS

Senator CHURCH. Now, from an economic point of view, to the extent that foreign capital contributes to economic growth in Brazil, could not that objective be achieved if the same amount of money were channeled through the international banks, World Bank, Inter-American Development Bank, the multilateral lending agencies, rather than administered directly in a bilateral way between the Governments of the United States and Brazil?

Mr. ROUNTREE. Well, sir; a few years ago the annual input from the U.S. Government sources, on a bilateral basis, was a quarter of a billion dollars a year, in excess of $250 million a year. Today our aid program runs at the level of about $87 million including technical assistance, or about $75 million in loans. Obviously, the situation has now been created in Brazil whereby they can look to an increasing

extent to the International Bank, the Inter-American Development Bank, the Export-Import Bank, private banks, and private firms for the vast majority of their requirements.

Senator CHURCH. So that this first purpose then that you mentioned, that is promoting economic growth, to improve living standards, as a general and humanitarian objective will be realizable in the future in the main through these various multilateral institutions?

Mr. ROUNTREE. In the main it already is, in my judgment.

Senator CHURCH. Yes.

Mr. ROUNTREE. And I think that trend at the present time is very much in that direction.

Senator CHURCH. And actually, the size of our present program of some $75 million, is not of great magnitude, is it, as compared to the whole Brazilian economy or the total amount of outside capital that is presently coming into Brazil?

Mr. ROUNTREE. It is small in terms of the total magnitude, Senator. I think it is important in terms of the areas in which we are now concentrating, that is education, agriculture, public health, and particularly in connection with the northeast region, which is far behind the rest of the country in sharing the fruits of prosperity which has come to Brazil. Their per capita income is half that of the country as a whole, for example.

PROFITS OF AMERICAN BUSINESS

Senator CHURCH. You mentioned that one of the sources of external capital was American private business investment.

Mr. ROUNTREE. Yes, sir.

Senator CHURCH. In the past few years has American business taken out of Brazil more than it has put in?

Mr. ROUNTREE. Let me say that in the past few years American business has done extremely well in Brazil, both in terms of foreign trade and in terms of investment. Our economic relationships with Brazil have been of enormous value to Brazil and to us. As to the precise amount repatriated by firms manufacturing in Brazil I will have to submit figures for you unless my colleagues have them.

Senator CHURCH. Is that not a rather critical question in evaluating what contribution is made by private American business investment? Is it not rather critical to know how much American business has taken out of the country each year as compared to how much it has invested?

Mr. ROUNTREE. Yes, we have these figures, and I would like to emphasize that it is not merely a question of how much is repatriated in any given year in terms of profits—actually removed from the country. It is also a question of how much is reinvested, which provides a broader basis for productive enterprise in Brazil and for future profits. According to these statistics in 1969 the net direct investment in Brazil was $64 million, and the profit remittances were $66 million.

Senator CHURCH. Excuse me, would you give that to me again?

Mr. ROUNTREE. $64 million net direct investments, and $66 million represented the profit actually repatriated or a net effect on the U.S. balance of payments of $2 million. Now we are speaking of net figures here, the profits having come from substantial previous investments.

Senator CHURCH. Yes.

Mr. ROUNTREE. In addition to this you have reinvestments within Brazil which provide a much broader base for future profits.

Senator CHURCH. But last year, according to the figures, if I understood them correctly, American companies actually repatriated, that is brought back to the United States, if I understand that term, more money derived from their investments in Brazil than new money invested in Brazil.

Mr. ROUNTREE. That is correct, for that particular year.

Senator CHURCH. So the fact is that American business was actually withdrawing capital from Brazil, was it not, rather than adding to capital formation in Brazil?

Mr. ROUNTREE. I think it was both, Senator.

Senator CHURCH. I mean, on net balance.

Mr. ROUNTREE. The inflow of foreign private investment has been exceptionally large in the last several years. No doubt these increases in industrial plants and equipment have contributed significantly to the rapid growth of the Brazil national product, but here again we must emphasize that foreign investment has merely supplemented Brazilian investment, and has succeeded so dramatically only because it fits so well into the sound economic and development plans of the Brazilian Government.

United States firms have shared significantly in this investment input and have brought in new capital in the amount of $270 million during the 4-year period 1966–1969. In addition, these firms have invested an even greater amount from profits retained in the country, so that total new American investment in Brazil out of new capital and reinvested earnings amounts to $550 million over the 4-year period from 1966 to 1969. Repatriated profits of U.S. firms during this period were less than half this amount.

As I said, part of the profits were reinvested in Brazil to join previous substantial investments, and in terms of the contribution to Brazil the extent to which these American firms not only invest capital but bring modern technology in their productive enterprises has served greatly to improve the general structure of Brazilian productive capacity.

AMOUNT OF MONEY REPATRIATED

Senator CHURCH. I have some figures here, I think you must have supplied them, or they were supplied by the U.S. Department of Commerce in its survey of current business showing a 10-year period in the 1960's in Brazil.

Mr. ROUNTREE. Yes.

Senator CHURCH. And the total, if I read it correctly, shows that between $70 and $90 million of net balance has been repatriated in profits to the United States, that is something close to a $100 million more has been returned to the United States in profits repatriated to this country than has been put into new investments by private firms in Brazil in that period.

Mr. ROUNTREE. Also, Senator, repatriated profits during that period totaled $381 million, and the reinvested earnings during that period totaled $621 million.

Senator CHURCH. So that you are suggesting that two-thirds of the profits realized were reinvested——

Mr. ROUNTREE. Reinvested.

Senator CHURCH. In Brazil?

Mr. ROUNTREE. In Brazil, to the benefit of the Brazilians.

Senator CHURCH. But as compared to the flow of new money into Brazil from the United States and profits taken out of Brazil by American firms, the balances run in the direction of withdrawal from Brazil over the 10-year period. That, too, would be true.

Mr. ROUNTREE. That, too, would be true. I might say in this process the productive capacity of Brazil has been enormously increased.

Senator CHURCH, Mr. Holt has given me a figure here that seems hard to believe but let me ask the question. Did the IBM Co. make 64 percent on its investment in Brazil last year?

Mr. ROUNTREE. I saw a publication, perhaps the same publication that Mr. Holt saw, indicating such a figure, and I have not had an opportunity to look into it so I really cannot answer the question.

Senator CHURCH. Have you any reason to doubt the figure?

Mr. ROUNTREE. I just do not know what it represents, Senator. I do not know what the investment is. Do you, Bill?

Senator CHURCH. I know Mr. Holt has some questions. I will ask him to question you and then I may have some windup questions.

Mr. HOLT. Thank you, Mr. Chairman.

First, [deleted]. This is a classified record. Would you read the secret annex to your statement? It is very brief.

Mr. ROUNTREE. [Deleted.]

Mr. HOLT. Thank you.

BACKGROUND OF TRANET STATION

Now, referring to various attachments which you included in your statement with respect to the Tranet Station in response to our request, let me summarize briefly the situation of this station as I get it from reading these documents, and I ask you to correct me if I am mistaken. The station was originally installed in 1960 on the basis of permission from President Kubitschek, which was conveyed orally. It was originally contemplated for 18 months or more. There is no record of any extension of Brazilian agreement for it to be there until 1967, when the Brazilian Government in a note to the American Embassy, agreed to extension until June 30, 1970. In September of 1970 the Embassy requested a further extension for a period of 10 years and proposed a written agreement between the two governments, and apparently the Brazilians have not responded to this, although it is some 8 months later. Is that a fair summary of where that station stands?

Mr. ROUNTREE. That is a fair summary.

Mr. HOLT. In the period since September, has the status of the station been discussed with the Brazilian Government at all, informally or otherwise?

Mr. ROUNTREE. Yes, by inquiry concerning the status of the written reply, with an indication from the Brazilian authorities that a written agreement would be forthcoming, and a clear indication of their

approval for the station to continue to be operated on the basis of previous agreements.

Mr. HOLT. Have they given any indication or do you have any surmises as to why they are so hesitant about proceeding with this?

Mr. ROUNTREE. No, I have had no indication that they are hesitant.

Mr. HOLT. Well, they have hesitated for 8 months.

Mr. ROUNTREE. I have no indication they are hesitant with respect to the opeartion of the station, and no real explanation as to why a reply to the note has not yet been received.

Mr. HOLT. If they were to decide, for whatever reasons, that they did not want the station there any more, how serious would this be from the U.S. point of view?

Mr. ROUNTREE. I cannot give you an authoritative answer to that question but I will be glad to check and submit a comment for the record.

It is my impression, however, that it does serve an important purpose.

Mr. HOLT. It is only one of a number of similar stations, is it not?

Mr. ROUNTREE. It is. South Africa, Australia have similar stations.

Mr. HOLT. I believe Iceland and the UK and Afghanistan and other countries also have similar stations.

Are you in a position to say from the technical point of view whether or not the system would work equally well or substantially as well if any one of this network of stations were eliminated?

Mr. ROUNTREE. I am not in such position, no, I do not know.

Mr. HOLT. Could you give us something for the record on that then?

Mr. ROUNTREE. Yes, sir.

(The information referred to follows:)

SUMMARY BACKGROUND DATA ON THE TRANET STATION BRAZIL

Originally, in 1960, the U.S. Doppler station in Brazil was a part of the U.S. Navy Navigational Satellite Net designed to provide a world-wide navigation capability. In that configuration it was identified as Station 008, Sao Jose dos Campos, Brazil. By 1966, improvement in the knowledge of the Earth's gravity field, obtained by the original net, permitted the reduction of the number of the TRANSIT stations to only four, all of which are located on U.S. soil. The geodetic community, in analyzing the data of the 1960 net, found that the original net could be used to determine the Earth's gravity field to a precision which could support geodesy and gravimetric requirements of the Department of Defense. In 1966, responsibility for the operation of the world-wide TRANET network, including the Sao Jose Station, was transferred from the Navigation Program to the Mapping, Charting and Geodetic Program. This station was consequently redesignated as Station 2008. Observations obtained from the 14-station TRANET Network form the basis of the DOD World Geodetic System and have contributed significantly to the development of an earth gravity model used by DOD. The value of the TRANET system has been such that the three other geodetic satellite systems of the DOD (the SECOR electronic ranging system, the BC–4 and PC–1000 optical camera systems) have now been phased out and only the Doppler system retained as the DOD geodetic satellite positioning system. The TRANET stations are extremely selective in nature in order to provide best looks at the satellites

UTILITY OF TRANET SYSTEM SHOULD ONE STATION BE CLOSED

The usefulness of the TRANET system would be seriously impaired if one of the TRANET stations were eliminated. The Doppler station in Brazil is one of a world-wide net for acquiring geodetic and gravimetric data from which the size, shape, positions and gravity field of the earth are derived. The result-

ing data is utilized specifically: (1) in deriving an ephemeris (satellite position) for use by the Army, Navy and Air Force in their site positioning surveys; (2) in the continued refinement and development of the mathematical model of the earth's gravity field; (3) as an input for revision of the DOD World Geodetic System and (4) in the computations of the remaining National Geodetic Satellite Program stations.

SUBSTITUTION OF U.S. PERSONNEL AT STATION

Mr. HOLT. I notice the Brazilian Note of 1967 makes one of the conditions of the station that it be used for scientific and peaceful purposes, and I notice also that it makes one of the conditions that North American personnel will be replaced to the extent possible by Brazilians. Have they, in fact, been replaced?

Mr. ROUNTREE. Mr. Holt, we will have to give you further information on this.

Mr. HOLT. For the record, Mr. Dockery and I were there, it was one man from the State University of New Mexico with four graduate students who get a term's credit for staying down there.

(The information referred to follows:)

The American Embassy in Rio de Janeiro stated in a letter of 1 November 1967, that U.S. technicians and specialists will be replaced insofar as possible by Brazilian technicians and specialized personnel. In addition, the letter indicated that specialized Brazilian technical personnel designated by the Brazilian National Commission on Space Activities will participate in the activities of the station which will be under the supervision of an administrator designated by New Mexico State University. To date, the Brazilians have not designated or made available their personnel to replace U.S. personnel. Informal contact has been maintained between on-site U.S. tracking station personnel and the Comissão Nacional de Actividades Espacias Centro Technica de Aeronautica, São José dos Campos, Brazil, to encourage the Brazilians to understand the operation of the tracking station. Operational status of TRANET Station 2008 has necessitated the continuous operation and maintenance by U.S. personnel. Transfer of station to Brazilians will be expeditiously accomplished when Brazilian tracking station personnel are identified and made available.

AVAILABILITY OF TRANET SYSTEM TO ALL NATIONS

Mr. HOLT. Can anybody track these satellites?

Mr. ROUNTREE. You mean, can they be trained to track the satellites?

Mr. HOLT. No; I mean, is it technically feasible for somebody who knows, for a physicist or an electronic engineer with the proper equipment to track a satellite that is going around in the sky?

Mr. ROUNTREE. This is an area in which I am not very well informed.

Mr. HOLT. I just wondered if—well, in the original note to the Brazilians requesting permission to establish this station it was said that a new satellite program of the Government of the United States—this is in 1960—"is expected ultimately to establish an all-weather navigational aid available to all nations."

Is this navigational system available to all nations?

Mr. ROUNTREE. I will have to submit that, also.

Mr. HOLT. Thank you.

(The information referred to follows:)

On July 29, 1967, Vice President Hubert Humphrey, as Chairman of the National Council on Marine Resources and Engineering Development, announced that the TRANSIT Navy Navigational Satellite System was available for use by the industrial oceanographic community, off-shore oil companies and other seg-

ments of U.S. industry interested in the commercial application of the system for ships requiring precise navigation. The TRANSIT Navy Navigation Satellite System became operational October 1968. According to the Office of Munitions Control, State Department, U.S. commercial companies can sell Doppler equipment to those countries appearing on the U.S. munitions list. This list specifically excludes communist countries and some others such as S. Africa and Rhodesia. It is generally known, however, that the excluded countries can build their own Doppler equipment and receive the automatically transmitted navigation ephemeris data.

BRAZIL'S ROLE IN WORLD AFFAIRS

Mr. HOLT: Turning from that now to other matters, would you look ahead a little bit and speculate what role you think Brazil might play or attempt to play in hemispheric affairs or world affairs, say 5 years from now? In what direction do you see the country moving in the future?

Mr. ROUNTREE. The importance of Brazil in hemispheric affairs and indeed, in world affairs is indicated by its size, its population, its economy, and the rapidity with which it is progressing as a real economic power in the region. The dedication of the Brazilian leaders, with the support of the Brazilian people to this program of progress, is really very impressive. Their progress is being made under a free enterprise system which I think serves as a very good example to others who might be considering other forms of economic systems for the achievement of their objectives.

Senator CHURCH: Do you feel the same way about the political system, Mr. Ambassador, serving as a good example?

Mr. ROUNTREE. The political situation existing in Brazil, of course, is uniquely Brazilian. I do not think they would expect that Brazilian solutions to the problems of Brazil would necessarily constitute an example for other countries whose problems are different, and whose situations are different.

U.S. POLICY TOWARD BRAZIL AND OTHER NATIONS

Senator CHURCH. I was just speaking as an American who was brought up to believe in a free society and who gives as much, at least as much, weight, to the character of a government as to the balance sheets on the economy. We have invested $2 billion in the balance sheets and have had a consummate interest in the state of the economy, but what weight would you give to the state of freedom in Brazil and to what extent should that be a matter of concern to the United States?

Mr. ROUNTREE: Well, the situation in Brazil presents many differences from our own concepts. I am tremendously impressed with what President Nixon has said about this general question:

The United States has a strong political interest in maintaining cooperation with our neighbors regardless of their domestic viewpoint. We have a clear preference for free and democratic processes. We hope that governments will evolve toward constitutional procedures but it is not our mission to try to provide except by example, the answers to such questions to other sovereign nations. We deal with governments as they are.

Senator CHURCH. We not only deal with them, we extend lavish amounts of money, in the case of Brazil, $2 billion to support Brazilian programs under the auspices of this country. With all deference to the President's statement, it does not go far enough, in explaining our policies. We have invested a great deal of money in the Brazilian

situation, and you have justified it on the grounds that it has helped promote economic growth. My question is to what extent in your judgment, should the Government of the United States be concerned about the political health of Brazil? You quoted the President saying that is not our affair. But is it as simple as that, Mr. Ambassador? Can we simply say it matters not what the state of freedom is in any country? The concern of the United States is with the balance sheets, the stability of the economy, and the promotion of economic growth. Is that really the full dimension of the American concern in Brazil and elsewhere in the world? I would like your own judgment on that question.

(Senator Church left the hearing room temporarily.)

MALTREATMENT OF INDIVIDUALS

Senator PELL. In the absence of the chairman I might interpolate one point that interests me, the question of the maltreatment of individuals. I went through your statement and I know the chairman of the subcommittee has already touched on it, and I realize we cannot spread our energy too widely, but I think some of us have done a fairly effective job of trying to hold down the maltreatment, the abuse, of the prisoners in Greece by publicizing it, by putting in the record the names of the torturers and their victims.

I, as one small individual, am doing this, and so are the Council of Europe and a variety of other people.

One hears more and more reports about the maltreatment of political prisoners in Brazil, and I think this is the sort of thing that bothers a good many of us. If people are willing to accept a paternal form of government or a despotism and they are happy under it or content or do not object, more power to them. But it is when individuals are abused and this abuse is used as a method of keeping that government in power that I think the public conscience of the world should get excited. The maltreatment of political prisoners in Brazil seems to have exceeded even that in Greece, and I was wondering if you would enlarge on your response earlier when you said that it had been acknowledged by the government as having occurred but the government did not condone it and was doing what it could to stamp it out. Why is the government not succeeding in stamping it out? Why do these reports keep cropping up? What can we do to try to indicate to the Brazilians that it should not be done? How many times have you made a formal protest concerning what is obviously an internal matter, but how many times have you made a formal protest in this regard?

Mr. ROUNTREE. Well, sir, as you said, this is an internal matter. Our concern regarding these reports has been expressed at various levels and at various times both here and in Brazil.

Senator PELL. Publicly, excuse me for interrupting, publicly or privately?

Mr. ROUNTREE. The State Department has made at least one and I think perhaps more public statements in this regard.

Senator PELL. Are these available for the record, Pat, or do you have them?

Mr. HOLT. No, we do not.

Senator PELL. Could they be submitted for the record?

Mr. DEAN. They came out at press conferences at noon briefings.

Senator PELL. Once or twice?

Mr. ROUNTREE. Twice.

Senator PELL. From Rio or Washington?

Mr. ROUNTREE. From Washington.

(The information is as follows:)

PARTIAL TRANSCRIPTS OF STATE DEPARTMENT PRESS BRIEFINGS BY MR CARL BARTCH, APRIL 21 AND JULY 23, 1970

APRIL 21

Question. Carl, could you comment on Senator Kennedy's stipulation on U.S. Government responsibility—in particular, with the Brazilian military government in power—and continuing to support it in spite of terrorism and torture of prisoners?

Answer. I didn't get the last part of your question. I'm sorry.

Question. He said the United States gives continued—he mentioned the 90 million loan last year to the Brazilian Government in spite of the torture and persecution.

Answer. As far as allegations of torture of prisoners in Brazil are concerned, of course we are concerned about this. Now, we've been assured in conversations with high Brazilian officials that the Brazilian Government does not condone torture.

Question. You're satisfied with this assurance?

Answer. Well, we continue to be concerned about these reports, Tad, and we've been in touch with the Brazilian Government about them. I would assume we'll continue to be in touch with them and express our concern.

Question. In what way have you been in touch with them?

Answer. We've been in touch with them over the past few weeks both here and in Rio

Question. And about responsibility for bringing the military government into power?

Answer. The United States played no role in the Brazilian revolution of 1964. Former Assistant Secretary of State Lincoln Gordon testified on this point before the Senate Foreign Relations Committee on February 7th, 1966.

Question. Carl, this is quite interesting, what you say. There was a report published in the Vatican about four or five weeks ago or more on tortures in Brazil. Will you take the Brazilian Government's assurances or the Vatican reports on what is the credibility situation?

Answer. Well, I think about the only thing we can do at this point, Tad, is to seek further information and to continue to bring our concern over these reports and allegations to the Brazilian Government—which we have done and which we are doing and which we'll continue to do.

JULY 23

Question. Carl, is there anything to reports of American duplicity in Brazilian—

Answer. Well, as you know, we continue to reject these charges or implications, or whatever you call them. I myself haven't seen the full text of whatever was issued there. We're getting that, but you can recall my statement on April 21. We had expressed our concern over reports of torture to Brazilian officials, both here and in Rio. I had said at that time that we had been assured by high-ranking Brazilian officials that the Brazilian Government does not condone torture, and I added that we were going to continue to express our concern to the Brazilian Government over these reports and allegations, which we have done, and so I think that should be our position on the matter.

Question. Carl, this is an international body, apparently from reports, saying that Brazilians learned procedures of torture and training from the United States. Certainly, you can address yourself to that, as to whether that is a part of the military-grant training we give to Latin American countries. [Laughter.]

Answer. Torture has not been put on the agenda of the training programs. [Laughter.]

Seriously—that the United States conducts in many countries, or anything connected with that.

Question. Well, you said it's not been put on the agenda. Do you flatly deny it?

Answer. Flatly deny it. It's not practiced, condoned in any way, by the United States.

Question. Well now, let me get clear. Are you denying that there is any such indoctrination given in U.S. training?

Answer. I am

Question. Thank you, Carl.

(The briefing was closed at 1:24 p.m.)

EXTENT OF TORTURE

Mr. ROUNTREE. Now, the extent to which this sort of thing happens is very difficult for anyone really to evaluate. The fact is that the President and one of the ministers, and others as well, have acknowledged that it does. They say they do not condone it, but it has happened. It would be very difficult for me, as American Ambassador, to try to evaluate the extent to which this has been done. There are obviously great difficulties involved in Brazil in their efforts to counter ruthless acts of terrorism involving murder, kidnaping, arson, robbery, and so forth, and indications are that the police or security officials have committed excesses at various times in interrogating people suspected of being terrorists. But I do not know the extent to which this actually has taken place.

Senator PELL. I can speak to you as a brave man because I remember my old friend and your friend, your predecessor.

Mr. ROUNTREE. Burke Elbrick.

Senator PELL. Burke Elbrick, who was kidnaped, so I realize the extent of terrorism there but I would have thought that as Ambassador there you would have a pretty good idea of the extent to which it occurs. They certainly did in Greece, [deleted].

I would think this information is most available. [Deleted.]

Senator PELL. But surely this information is available, and they must be able to give you a pretty accurate estimate. If you are arrested for political obnoxiousness and you have some information they want to extract from you, would you give me a rough estimate of your chances of being tortured to extract the information—even, one out of 10, one out of a hundred or better than even?

Mr. ROUNTREE. It would be pure speculation on my part, Senator, as to what the statistics would be.

Senator PELL. I realize that. But what would be your informed opinion as a man who has access to everything [deleted]?

Mr. ROUNTREE. I would be reluctant to put forth a guess in this regard. The fact is that it happens—Brazilian government officials have acknowledged that it happens. The extent to which it actually goes on, I think, would be very difficult for anyone to say.

Senator PELL. I would like to have the protest we made in this connection, a matter of record. Did we make it because of the human rights involved?

Mr. ROUNTREE. I think we have expressed our concern on the basis of the merits.

Senator PELL. On the merits of the case.

Do you have any thoughts on what more we can do? Maybe we should try to dig up more specifics on this, because trying to get the

specific names of the individuals who commit these abuses did have a salutary effect in Greece. Do you have any other suggestions for us as to how we can establish these things?

Mr. ROUNTREE. I have none. I think the Brazilian authorities had this matter called to their attention repeatedly in the international press, by members of the clergy, by foreign diplomats, and others. There can be no doubt in their minds as to reaction of the international community to it. But I think in the final analysis it is going to be entirely for the Brazilians themselves to take whatever action is appropriate to end the basis for this criticism.

Senator PELL. Do you think conditions are better in this regard or worse than they were, say, 3 years ago?

Mr. ROUNTREE. You hear considerably less about them now than even a year ago.

Senator PELL. Thank you.

AWARENESS OF INTERNATIONAL REACTION

Mr. HOLT. Just to follow up Senator Pell's questions, you said the Brazilians are aware of international reaction to the reports of torture. Do they take this international reaction seriously or do they tend to dismiss it as a Communist plot?

Mr. ROUNTREE. I think that the fact that members of the government address themselves publicly to the question is an indication they take it seriously.

Mr. HOLT. Other than torture, what are the forms or techniques or methods of political repression in Brazil?

Mr. ROUNTREE. Well, under the extraordinary measures permitted by Institutional Act No. 5 and other institutional acts, the security authorities have very extensive authority.

NUMBER OF ARRESTS

Mr. HOLT. Going back to Institutional Act No. 1, and since that time, how many Brazilians have been deprived of their political rights?

Mr. ROUNTREE. I am told, it has been estimated at about 1,200.

Mr. HOLT. And how many have been arrested at one time or another in connection with political charges?

Mr. ROUNTREE. I have no estimate, no idea.

Mr. HOLT. Would it be hundreds, thousands, tens of thousands?

Mr. ROUNTREE. We have seen allegations made by various organizations abroad there are 12,000 political prisoners in Brazil currently. The Brazilian Government has stated that the number was less than 500 and that this figure has been accepted as accurate by Brazilians who were released under exchanges for kidnaped ambassadors.

SUPPORT TO MILITARY REGIME QUESTIONED

Senator CHURCH. When I left the room, Mr. Ambassador, I had asked you for your own views on the question of the political considerations that ought to go into formulation of our foreign policy. You did not have a chance to respond to that question, you had read

me the President's statement but you had had no chance to respond to that question in your own right.

Mr. ROUNTREE. Senator, will you excuse me just a moment because we got on other subjects while you were out and I want to be sure of what you said.

Senator CHURCH. Let me rephrase it so you will not have to go back. So that you will understand my own position here, I recognize that the Government of Brazil is the business of Brazil, and I think we have to deal with governments as we find them regardless of whether or not we approve of them; but our policy in Brazil, at least, and in many other places, goes much further than simply recognizing and having normal dealings with the government of the country. It involves a very large American subsidy to the country.

Now, when I go to American colleges and talk to young people they ask why have we spent $2 billion in Brazil when the government there is dictatorial in character, run by military men, any number of Brazilians are said to be mistreated in the jails, where there are recurrent reports of human torture. Why should the United States give such lavish support to a government of this kind? They say, "We thought that more money has been spent by the United States in Brazil than in any other foreign country in recent years outside of India". They say, "What does this have to do with the kind of society we are supposed to stand for?" Those questions are not easily answered; and since ultimately public support will be necessary to sustain any foreign policy, what happens when that foreign policy falls out of contact with the traditional values of our country in such a way that people can no longer understand its purpose nor justify their support for it? Young people say, if we are not against this kind of thing then what is it we are for in the world that is worth supporting? This is the ultimate test of a foreign policy and frankly, public support for the American foreign policy is rapidly eroding away.

PRESENT FORM OF GOVERNMENT

Mr. ROUNTREE. With respect to Brazil, I think you are fully aware of the circumstances in which the military regime took over in 1964. This was quite frankly a military operation which replaced the form of democratic government which had then existed in Brazil.

As recently as when President Medici came into office he stated that Brazil did not have a democratic government but he hoped that democracy would be returned to the country by the time he left office. He has, in fact, taken a number of measures, returning some form of public participation in the decisionmaking process.

Senator CHURCH. What would be your own appraisal of this government today? Would you call it a free government based on popular elections, or is it a military dictatorship? What is the present form of government?

Mr. ROUNTREE. It is certainly a government which is based upon the military, and it is a government which has not yet returned to a full democratic process but one which has indicated an interest and manifested an interest in returning to some forms of public participation such as the congressional elections that they have had in the recent past and reinstitution of Congress itself.

OBJECTIVES OF U.S. AID

Senator CHURCH. Certainly, we are not supporting these large aid programs in Brazil because we approve of the political system there, are we?

Mr. ROUNTREE. That is correct.

Senator CHURCH. So, our objective, so far as it has been explained to me, has to do with our interest in the growth and stability of the economy, and that gets us back to the earlier question that I asked you, and then we were detoured, we never did get to give you a chance to answer it fully. That question had to do with our national interests in Brazil and what justified the expenditure of $2 billion there since 1964.

You answered, first of all, that we had a humanitarian interest in improving living standards, but I think the record will show that insofar as that is furthered by external capital, it will now come largely through multilateral banks and that American business has not been a source of new external capital for Brazil in the last 10 years.

So what other national interests of the United States, sir, are served by this $2-billion program?

Mr. ROUNTREE. I mentioned our humanitarian interest in the improvement in the standard of living of the people of Brazil in the context of the philosophies underlying the Alliance for Progress as one element. Another is that Brazil is a country with whom our relations are important not only to us but to the hemisphere and to the world. I believe it is important to our national interests to continue the type of association that we have had with Brazil in matters of common concern, including security interests.

Senator CHURCH. What are those security interests, Mr. Ambassador?

Mr. ROUNTREE. Well, Senator, we have had a long history of cooperation——

Senator CHURCH. I know we have had a long history——

Mr. ROUNTREE. In security matters.

U.S. SECURITY INTERESTS IN BRAZIL

Senator CHURCH. Do you perceive a threat to Brazil's security today which would, in turn, affect our security?

Mr. ROUNTREE. I think that any threat to the security of any of the countries in the hemisphere would be a matter of concern to us.

Senator CHURCH. You mean internal threats?

Mr. ROUNTREE. I think also——

Senator CHURCH. Do you mean internal threats; are you talking now about internal threats?

Mr. ROUNTREE. I am speaking about threats coming from within the hemisphere or outside the hemisphere.

Senator CHURCH. Is there any external threat to Brazil today that you think is serious?

Mr. ROUNTREE. I think the cooperation that we have with Brazil in the security field relates to very general security considerations involving no specific——

Senator CHURCH. The military tells us that the consideration is the internal security. That its present programs are not conducted there

on the basis of hemispheric defenses but on the basis of internal security.

Mr. ROUNTREE. I would say that any military program would be designed to assist the country in preserving internal security and providing a reasonable level of defense against any external threat. Now, history has disclosed that we and the Brazilians do have common security interests. They have cooperated with us in two World Wars, in the OAS presence in the Dominican Republic, and elsewhere.

Senator CHURCH. But this program is not a payoff for past cooperation, is it, Mr. Ambassador?

Mr. ROUNTREE. No, but I think——

Senator CHURCH. What are the present security interests of the United States that are promoted by this program?

Mr. ROUNTREE. The mere fact we have a continuing association with a strong Brazil which is willing to play its role as a member of the international community. They have demonstrated this willingness, for example, in several cases of United Nations actions in other parts of the world.

BUYING OF GOODWILL

Senator CHURCH. You think we would not have cordial relations with Brazil if we had not spent $2 billion in AID programs there since 1964? You mean, we buy their goodwill with these programs?

Mr. ROUNTREE. No, I think this is only one aspect of the close relations we have with them.

Senator CHURCH. Well, your testimony suggests that the program promoted cordial relations with a country and that means to me that $2 billion spent in Brazil for various AID programs gets us cordial relations. Suppose we had relied on our support of the international banks for long-term economic investments, that we had had no large bilateral program in Brazil since 1964, do you think that this would have meant hostile relations between the two governments?

Mr. ROUNTREE. I think the money we spent in Brazil has had material effect in the development of a strong and progressing Brazil, and I think this is wholly consistent with the purposes of our AID program, the Alliance for Progress and other actions that the United States Government has taken to strengthen the countries of the hemisphere. Brazil has been strengthened by its own efforts, assisted by our AID programs.

Senator CHURCH. Do you think that this investment has bought us cordial relations with the present government of Brazil?

Mr. ROUNTREE. I think our relations with the government and the the people of Brazil are very close.

Senator CHURCH. And you think this is due to the AID program?

Mr. ROUNTREE. I would say the AID program has played a role in that, yes.

BRAZIL'S RELATIONS WITH OTHER NATIONS

Senator CHURCH. How are the relations of Brazil with the Government of England, the Government of France, the Government of Italy? Are they cordial?

Mr. ROUNTREE. I think they are cordial.

Senator CHURCH. Have any of these governments extended bilateral economic aid to Brazil?

Mr. ROUNTREE. Well, there have been a number of countries that have AID programs of one sort or another in Brazil. But I would say that the cordiality of the relationship between Brazil and them has not been based upon the dollars and cents involved in AID programs.

IS CORDIALITY BASED ON DOLLARS?

Senator CHURCH. Do you think the cordiality with us has been based on the dollars and cents in our AID programs?

Mr. ROUNTREE. I think that our AID programs have contributed to a very good relationship with Brazil, but that is by no means the only factor. Incidentally, in addition to the United States there are about 200 or 300 foreign assistance projects underway in Brazil, under 12 bilateral umbrella technical assistance agreements.

Senator CHURCH. I am just curious, in view of the fact that satisfactory and cordial relations can be maintained between Brazil and other countries without the need for large bilateral AID programs, why is it so necessary for us to furnish that kind of AID in order to secure cordial relations?

Mr. ROUNTREE. Senator, I would say this goes to the basic philosophy of the leadership which the United States has taken since World War II in providing at U.S. taxpayers' expense very large programs of assistance to many nations throughout the world.

Senator CHURCH. It is that very philosophy that is now so subject to attack and so open to question and to doubt in light of some rather bitter experiences that we are now facing. That is one of the reasons for these hearings, to inquire into the basic premises of these policies.

DIFFICULTIES BETWEEN UNITED STATES AND BRAZIL

You say that, having spent this money, we now enjoy cordial relations with Brazil. I would hope so. It has been costly enough to the United States. Yet, aside from the highly favorable climate for American business investment, and the very sizable profits that are being realized by American business in Brazil, I do not see much evidence that would indicate close cooperative and cordial ties between the two governments.

Brazil has refused to sign the Non-Proliferation Treaty. It extended its territorial sea to 200 miles. It walked out of the OAS Foreign Ministers Conference in January. It continues to complain about U.S. trade policies, perhaps with justification. It has not displayed much inclination to cooperate in OAS meetings at Punta del Este in March or Costa Rica in April. I do not see the official evidence of close and cooperative policies. What is the evidence?

Mr. ROUNTREE. Well, certainly, I would not say that in the type of relationship with Brazil that I have indicated there is any lack of difficulties or differences between us. The basis of our policy is a mature partnership which takes fully into account that Brazil is an independent country. On a number of questions, some of which you have enumerated here, there are differences. There is an independence, a line of thought in Brazil that differs considerably from our own. But I would say that taken on the whole, the relationships between Brazil and the United States are good. They are solid and they are in

our mutual interest, and I think we should do everything possible to diminish areas of disagreement and work out problems as they arise. We have had other problems in the recent past that have been solved by mature discussion and negotiation.

Senator CHURCH. I would also think that mature discussion and negotiation by grownup men and grownup governments would be productive, but I fail to see the evidence that our large AID program in Brazil has furthered this kind of relationship between the two governments. Surely Brazil has mature relations with other governments of the world that have not extended this kind of bilateral aid to Brazil.

I can understand that we have a national interest in Brazil as an investment opportunity for American business, but the whole amount of the investment in that country from the beginning of time is less than the amount of money we have spent on our foreign AID program since 1964.

Mr. ROUNTREE. But this is only one aspect of the relationship.

Senator CHURCH. What are the other aspects, Mr. Ambassador, that are directly related to and form part of the yield, let us say, of this very large, very expensive, AID program in Brazil?

Mr. ROUNTREE. Well, I would say in addition——

IMPORTANCE OF STABILITY

Senator CHURCH. I would grant you the favorable climate for American business investment, but there must be a much larger justification for the program than that, do you not agree?

Mr. ROUNTREE. Yes. When you speak of business investment, this is only one aspect of the total relationship, in my judgment, not by any means the most important. You can mention a long list of American investments in Brazil, the very large trade that we have with Brazil, which exceeds both ways $1.4 million, about $1.5 billion this year. As I have indicated, I attach great importance to the kind of association we have with Brazil in security matters. I think another important element of our interest is in a stable Brazil which will retain that stability and contribute to a better position for the hemisphere as a whole. There are so many aspects of the totality of our interest in Brazil that would be difficult to identify and to try to assign precise values to any particular one.

Senator CHURCH. I take it you believe that promoting economic development contributes to stability.

Mr. ROUNTREE. Yes, I think so.

Senator CHURCH. What makes you think that that is so? What proof is there in the experience we have had in this hemisphere in recent years that would indicate this assumption?

Mr. ROUNTREE. I think in Brazil itself you have a situation in which the country is prospering and the benefits of this prosperity are reaching larger segments of the population, when the Government of Brazil has been pursuing policies designed to improve the welfare of those who have not yet reaped their share of the benefits of economic development. There is in general an atmosphere of great national pride, of enthusiasm for where Brazil is today as compared with a few years ago, and optimism as to where Brazil will be 10, 15, or 20

years from now. I think this has been one of the aspects of our own programs there. I do not mean that American aid has made all this possible, but I do believe that the programs taken with the sound policies of the Government of Brazil in the economic field, and taken with the efforts of the Brazilian people, have contributed a great deal to a situation in which the hope for the future is infinitely greater than it would have been in their absence.

Senator CHURCH. And would you, with your knowledge of Brazil, now believe that the future is likely to be stable and secure, and you see no likelihood of serious upheaval in Brazil in the future?

Mr. ROUNTREE. I think it would be highly precarious to anticipate developments in Brazil or any other country too far in advance, but I see no present indication of that kind of upheaval in Brazil. Brazilian leaders have indicated they would like to advance not only economically and socially but also politically. How far they will go and how quickly they will go I do not know. But one thing is quite certain, this will be decided by the Brazilians themselves and by no one else.

RELATIONSHIP BETWEEN AID AND TRADE

Senator CHURCH. Well, I think it should be. I think that our policy has been one of extreme intervention and the use of large amounts of money in Brazil, presumably to serve interests that relate directly to our own national wellbeing. There is no other justification for spending public money in this quantity unless it can be related to the best interests of the United States, and you have suggested that trade is one of those interests. But really, Brazil trades with us due to the fact that it is good business to trade with us. She would be trading with us quite apart from the AID program, would she not? Did she not trade with us before we had an AID program? Does she not trade with other countries that do not extend AID? Really, the trade argument is pretty much a make-work argument, is it not?

Mr. ROUNTREE. But it is a factor in terms of what are the American interests in Brazil, responding to your question.

Senator CHURCH. My question is, what interest has the AID program served? We have spent $2 billion in Brazil and I am trying to find out what national interest of the United States has been served by this expenditure. You mentioned trade, and it seems to me that that just does not follow. We have had trade, we have had trade before and we are going to have trade after. One day we will have to stop this aid and we will have trade with Brazil and we will have it for good reasons, good business reasons.

Mr. ROUNTREE. Senator, I am quite certain that those who decided upon our AID program in Brazil, indeed those who decided upon the Alliance for Progress and those who decided upon our AID programs generally, did not do so on the basis of the direct relationship between AID and the amount of trade that we might eventually get from——

Senator CHURCH. But you mentioned trade as the reason, Mr. Ambassador.

Mr. ROUNTREE. I mentioned trade as one of the elements of our interest in Brazil. But you must take the totality of our interests in Brazil embracing many factors.

Senator CHURCH. I am looking for it. I am trying to find out the components of that totality.

Mr. ROUNTREE. And embracing very importantly the entire philosophy which led to the decision to undertake the Alliance for Progress.

REASONS FOR REASSESSMENT OF PROGRAM

Senator CHURCH. Well, I am acquainted with that philosophy and it is that, those premises, that are being questioned today. We undertook the Alliance for Progress because we were frightened out of our wits by Castro in Cuba. That is what suddenly increased our attention to Latin America and brought on a program for large-scale American aid. The objectives of that program have not been fulfilled. One of the objectives was hopefully to promote free government in Latin America, and there has been nothing other than a precipitous slide toward militarism in Latin America since. Clearly the political objective has not been served. Nor have events borne out the theory that pumping in AID money would protect us from extremist governments in Latin America. The two countries that are in Latin America that are now Marxist are countries that had received very large amounts of American investment, and where the state of the economy was relatively advanced. I think most of the premises that underlay the Alliance for Progress have been demonstrably disproven by the experience we have had since that program was established.

So, I just am trying to see what this money has been spent for and the only part of your answer that holds up, in my judgment, is that part which suggests that the money has helped to produce economic growth and that, in turn, has helped promote stability in the case of Brazil. Now to the extent that that can be demonstrated or documented the financial interest of the United States has been served by this program. But the other reasons that are given I simply fail to see; I just do not think they hold up at all. And that is why this committee is undertaking to reassess the whole aid program.

Pat, do you have any further questions?

ARRESTS OF AMERICAN CITIZENS

Mr. HOLT. Just a few which will not take very long.

Mr. Ambassador, how many cases have there been since December 1968 of mistreatment of American citizens in Brazil?

Mr. ROUNTREE. There have been four cases in which the Embassy has had an involvement. But I would not describe them all as mistreatment. For example, you are probably familiar with the Nancy Unger case.

Mr. HOLT. She has dual citizenship, has she not?

Mr. ROUNTREE. She has dual citizenship and was arrested as a member of a terrorist organization. She was alleged to have been involved in a plot to kidnap the American Consul General. An American officer of the Consulate General visited her about every 2 weeks to ascertain whether she was receiving good treatment and her rights under Brazilian law were being respected. In January 1971 she was included among the 70 prisoners exchanged for the liberation of the Swiss Ambassador, and she was flown to exile in Chile. In April she applied for

a United States passport in Santiago, Chile, indicating she would be traveling to Algeria but the passport has not been issued.

Then there was the case of Ford Foundation professors on June 12, 1970, who were arrested, and they alleged they were treated roughly by authorities.

Mr. HOLT. How many of them were there?

Mr. ROUNTREE. There were three. Dr. Werner B. Baer, program adviser to Ford Foundation, Dr. Riordon Roett, Vanderbilt University professor who was conducting research supported by the Ford Foundation, and a Dr. Carlos Palaez, a Vanderbilt university economist conducting research in the Getulio Vargas Foundation under an AID contract, and holder of a U.S. passport.

When the duty officer learned of the arrest he personally visited several security agencies to ascertain their whereabouts. The Embassy action brought about their early release after questioning. The detention coincided with the kidnapping of the German Ambassador.

Mr. HOLT. Were any charges filed against them?

Mr. ROUNDTREE. No. The Embassy presented an aide memoire to the Foreign Minister calling attention to this incident and the Foreign Minister replied. This was after the professors were released.

Mr. HOLT. Can you tell us briefly about the other cases?

Mr. ROUNTREE. The other case involved an Associated Press representative, Mr. Allen Kobrin, American free lance photographer, and a Brazilian assistant of his who were arrested at the airport at the time of the departure of the 70 prisoners who were released in return for the Swiss Ambassador. They were held by the police for a number of hours, [deleted].

I personally called the Foreign Minister to discuss this matter expressing my serious concern. [Deleted.]

Mr. HOLT. You said Mr. Kobrin [deleted]. Did he have a rib broken?

Mr. ROUNTREE. No, not he.

Mr. HOLT. The reporter had a rib broken?

Mr. ROUNTREE. Yes, the Brazilian.

Mr. HOLT. Yes.

Mr. ROUNTREE. Allegedly, I do not know but I am told the man who was with him had a broken rib. He is quite well now.

Then, those are the only cases involving——

Mr. HOLT. Was there not an American who was picked up in Belo Horizonte?

Mr. ROUNDTREE. His name is David Lohr Wing, American free lance photographer, who was visiting Brazil and was detained in Belo Horizonte on July 25, 1970. He was held over the weekend, released on July 27th. He was never questioned or mistreated nor was he given any explanation. He was released when he insisted on his right to communicate with the U.S. Embassy. An aide memoire was handed to the Foreign Office on August 14th calling attention to the incident as alleged, and requesting an appropriate investigation.

AIDE MEMOIRE REGARDING ARRESTS

Mr. HOLT. Could you supply for the record, the text of the aide memoires that you referred to and the Brazilian replies?

Mr. ROUNTREE. Yes.

(The documents referred to follow:)

Texts of the American Embassy Aide-Mémoire of June 19, 1970 regarding the detention of Professors Roett, Baer, and Palaez and the Brazilian reply, and of the American Embassy Aide-Mémoire of September 1, 1970, concerning the arrest of David Lohr Wing (no Brazilian reply).

AMERICAN EMBASSY AIDE-MÉMOIRE OF JUNE 19, 1970

The Embassy of the United States of America wishes to call the attention of the Ministry of Foreign Affairs to a letter dated June 16, 1970 by Stanley A. Nicholson, Acting Representative in Brazil of the Ford Foundation addressed to General Luiz Franca de Oliveira, Guanabara State Secretary for Public Security. Attached to Mr. Nicholson's letter is testimony provided by three American visiting professors in which they describe an incident which took place on the evening of June 12, 1970.

Dr. Carlos Pelaez is conducting economic research at the Getulio Vargas Foundation as part of the Vanderbilt University program under a USAID contract and holds an official United States passport. Dr. Werner Baer is employed by the Ford Foundation as program adviser and has been instrumental in the development of Ford grants to Brazilian Universities, institutions, and Government entities. Dr. Riordan Roett is a visiting Professor from Vanderbilt University conducting research supported by a Ford Foundation Grant.

The three American professors in question state that on June 12 they were arrested by armed Brazilian security forces, who forcibly entered their apartments and refused to identify themselves. According to their testimony, agents ransacked one of the apartments and stole articles belonging to Dr. Roett. The professors were blindfolded and taken to a remote building where they were threatened with violence, roughly treated, exposed to abusive language and interrogated at length. They were held incommunicado for approximately seven hours before being released. Further detail is provided in their attached report.

The exposure of United States citizens to actions such as described by the three individuals is of concern to the Government of the United States of America. The Embassy, in bringing this matter to the attention of the Ministry of Foreign Affairs, hopes that appropriate investigation will be made for the purpose of providing information and an explanation concerning this occurrence."

BRAZILIAN AIDE-MÉMOIRE OF JUNE 1970 (FREE TRANSLATION)

The Foreign Ministry considered the facts mentioned in the American Embassy's *aide-mémoire* of June 19, as well as all the allegations contained in the documents annexed thereto, which present the versions of the American nationals involved in the occurrences which are described.

The concern of the Brazilian Government over occurrences of the kind mentioned in the referenced *aide-memoire* is no less than that expressed therein by the American Embassy.

For that reason, appropriate measures are being taken together with the proper federal authorities in an effort to clarify the matter.

AMERICAN EMBASSY AIDE-MEMOIRE OF SEPTEMBER 1, 1970

A 27 year old free-lance photographer-journalist was recently in Brazil collecting material for travelog articles encouraging Americans to visit Brazil. According to Mr. Wing, he was arrested in Belo Horizonte on July 25 by an unidentified 'security agent' while photographing the railway station, held incommunicado, and released on July 27. First he was ordered to sit for about three hours in a guard house at the railway station, and was then taken in a jeep by an armed uniformed guard to a jailhouse. During the time he was under custody, he was never charged, never given any explanation for his detention, nor was he ever questioned. On the third day of his incarceration, he insisted on the right to communicate with his embassy, at which time he was released.

Exposure of United States citizens to actions such as those related by Mr. Wing is of concern to the Government of the United States of America, and the embassy is sure that the Government of Brazil shares this concern. In bringing this matter to the attention of the Ministry of Foreign Affairs, the embassy hopes that an appropriate investigation will be made for the purpose of verifying Mr. Wing's allegations. (The Brazilian Government did not send a reply to this aide-memoire.)

ARREST OF PEACE CORP VOLUNTEER

Mr. HOLT. Was not a Peace Corps volunteer arrested in December 1968?

Mr. ROUNTREE. I have not heard of it.

Mr. HOLT. Could you check that and supply something about it?

(The information referred to follows:)

DETAILS SURROUNDING ARREST OF PEACE CORPS VOLUNTEER IN DECEMBER 1968

The Department has no record of the arrest of a Peace Corps volunteer in December of 1968. PCV Elbert Macallister was arrested in Recife on Tuesday, February 11, 1969 in connection with the accidental shooting of a young Brazilian woman. A private, out-of-court settle was negotiated. Thereafter PCV Macallister was permitted to leave Brazil and return to the United States.

EXPULSION OF AMERICAN PRIESTS

Mr. HOLT. Were not two American priests expelled from Brazil also in December of 1968?

Mr. ROUNTREE. I do not know.

Mr. HOLT. Named Father Darrell Rupiper and Father Peter Grams?

Mr. ROUNTREE. I do not know.

Mr. HOLT. The committee has a letter from William Strobala which says they were. Will you review your files and submit anything you have on that subject for the record?

(The information referred to follows:)

DETAILS CONCERNING THE EXPULSION OF AMERICAN CITIZEN PRIESTS DARREL RUPIPER AND PETER GRAMS FROM BRAZIL IN DECEMBER 1968

On the evening of December 15, 1968, Father Darrell Dean Rupiper and Father Peter Albert Grams were arrested in Recife, Brazil, by police officers at the order of the Brazilian Fourth Army. The priests were members of the Order of Oblate Priests of St. Paul, Minnesota.

Representatives of the U.S. Consulate in Recife learned of the priests' detention on the morning of December 16 and had received permission to visit the detainees by 3 p.m. that afternoon. Fathers Rupiper and Grams reported that they had been well treated and fed but asked for beds, cigarettes, and that the mother of one of the priests be advised to delay her trip to Brazil to visit her son. Arrangements to meet their requests were made.

The Consulate attempted to learn the nature of the charges made against the priests from the Chief of Staff of the Fourth Army. The Consulate was informed that the charge was "general subversion" and that a long and detailed investigation of the behavior of the priests was in process and would continue. Consulate representatives were told informally by security representatives that the priests had been producers and distributors of "subversive literature." Examples of "subversive materials" found in possession of the priests consisted primarily of weekly church bulletins highly critical of existing social and economic conditions with calls to the populace to take steps to alter the situation. Brazilian armed forces were special targets for criticism in the church bulletins, one of which suggested that Brazilians should refuse military service as a protest against existing conditions.

Consulate representatives arranged with Brazilian authorities to visit the priests on every third day of their detention and also arranged for a representative of their order to visit them.

On December 18, Father Charles Morrissey of the Oblate Order was detained by the Brazilian police when he visited Fathers Rupiper and Grams in prison. After further intervention by Consular representatives, Father Morrissey was released on December 19.

During the immediately following days, U.S. representatives learned that the priests would be detained for an extended period while the Brazilian investi-

gative and judicial process was carried out. U.S. representatives also learned that should the imprisoned priests elect to depart from Brazil they would be released by Brazilian authorities for that purpose.

U.S. representatives kept the imprisoned priests and other members of the Oblate Order fully informed of all developments at all times but made no recommendations to the detainees as to the course of action each should take.

On December 22 at 2:30 p.m. James K. Kohmetschner, Father Superior of Oblates in Recife, informed U.S. representatives that the detained priests had decided to depart from Brazil.

On December 25 at 1:30 p.m., the detained priests were released from prison and subsequently left Recife to return to the United States.

INVESTAGATION BY COMMISSION ON HUMAN RIGHTS

Mr. HOLT. What is the present status of the consideration of the Brazilian case by the Inter-American Commission on Human Rights?

Mr. ROUNTREE. There has been an exchange of communication between Brazil and the Commission, and I have heard nothing in the recent past about it.

Mr. HOLT. Have you discussed the matter at all with the Brazilian Government?

Mr. ROUNTREE. No, I have not.

Mr. HOLT. Brazil admitted the International Red Cross to investigate charges of mistreatment of Indians, did they not?

Mr. ROUNTREE. I am told they did some time ago, before my arrival in Brazil.

Mr. HOLT. Mr. Chairman, I think it might be well to put in the record a newspaper article about the Commission on Human Rights.

Senator CHURCH. Very well.

(The article referred to follows:)

[From the *Washington Post*, Mar. 7, 1971]

TORTURES IN BRAZIL LEAK OUT DESPITE REBUFF OF OAS PROBE

(By Dan Griffin)

The Government of Brazil has refused to let the Inter-American Commission on Human Rights, an organ of the Organization of American States, enter the country to investigate charges that political prisoners are being tortured there.

At the same time, new reports of torture continue to filter out of Brazil, where urban guerrillas have obtained the release of 130 prisoners held by the government in exchange for the safe return of four kidnaped foreign diplomats. And Brazil's Catholic bishops have said for the first time that torture does exist in Brazil.

The most recent report of tortures came from the Metropolitan Archbishop of Sao Paulo, the Most Rev. Paulo Evaristo Arns, described by one knowledgeable foreigner as "calm, balancer, highly respected and formerly skeptical" of torture charges.

In an official proclamation Feb. 4, which he ordered affixed to the doors of churches in his archdiocese, Archbishop Arns stated that he and a fellow prelate "personally verified" that a priest of his archdiocese and a woman social worker were "ignominiously tortured" in the Sao Paulo State Department of Political and Social Order after they were arrested in late January on suspicion of subversion.

In a letter smuggled out of Brazil, a foreign missionary priest working in the Sao Paulo archdiocese said that the social worker had been "worked over sexually" by six men while she was in custody. The priest's letter added that there is "a systematic method of torture for all accused political prisoners."

Archbishop Arns said in his proclamation that the governor of the State of Sao Paulo had offered to allow the two prisoners to be examined by a physician chosen by the archbishop. The prelate added, "To date, however, they have not permitted us to carry out this measure."

NUN'S TORTURE CHARGE

Archbishop Arns's accusation is by no means the first to be issued by a Brazilian bishop. In July, 1969, Bishop Waldyr Calheiros of Volta Redonda, center of Brazil's steel industry, issued—together with 11 priests of his diocese—a letter charging that a labor leader had been tortured during an interrogation at a local military unit. Bishop Calheiros was charged with subversion as an agitator.

In November, 1969, Bishop Felicio da Cunha Vasconcelos of the diocese of Ribeirao Preto excommunicated two police officials for having tortured a jailed nun, Sister Maurina Borges da Silveira. Last August, the bishops and priests of the State of Maranhao charged that a young rural priest had been tortured for two days.

Other denunciations of torture have come from Archbishop Helder Camara of the Northeast's principal archdiocese, Olinda and Recife, and from Eugenio Cardinal de Araujo Sales, archbishop of Salvador and primate of Brazil.

A number of international groups have denounced torture of political prisoners in Brazil, among them the International Commission of Jurists, which said last July that torture appeared to be a systematic and scientifically developed practice of the Brazilian government. The jurists' commission—a nonpolitical organization having consulative status with the United Nations and the Council of Europe—has frequently criticized Communist countries and military dictatorships in its role of defending human rights and the rule of law.

The National Conference of Brazilian Bishops last month sent Bishops Calheiros and Arns letters of solidarity that reflected a change in attitude among some bishops who had previously been skeptical of the torture charges. The letter to Bishop Calheiros said: "Tortures, unfortunately, do exist in Brazil, and in many cases in the most shocking ways" The bishops' strongest language previous to this had been a condemnation of torture "wherever it occurs, either in Brazil or in any other nation."

A CAUTIOUS PROCESS

The Inter-American Commission on Human Rights does not act on the basis of published reports or denunciations issued to the world at large—not even those issued by bishops. Rather, it responds to complaints made directly to it by individuals or governments, and its response is painstaking, diplomatic and time-consuming.

According to Luis Reque, the executive secretary, the commission first received denunciations of the torture of Brazilian prisoners late last spring. On Oct. 26, Reque said, the commission took the next step in its procedure: It sent the Brazilian government what information it had gathered concerning the cases and requested further information. It also asked permission to send a commission member—Prof. Durward V. Sandifer of American University—to investigate the charges.

Reque said that the Brazilian government refused the request for an on-the-spot investigation in a letter dated Jan. 11 and signed by Foreign Minister Mario Gibson Barboza. However, Reque said, the Brazilian reply did furnish information about the cases the commission had asked about.

Sandifer—who has been designated "rapporteur" in the case—is now considering the charges and Brazil's answer and will report to the commission. If the commission concludes that there have been violations of human rights, it can recommend steps the Brazilian government can take to remedy the violations. If the government takes no such action within a reasonable time, the commission can report the case in its annual report to the Organization of American States next spring.

Meanwhile, other organizations, including the U.S. Catholic Conference and the Canadian Catholic Conference as well as nonreligious groups such as Amnesty International, continue to collect information on individual cases. One group—the Brazilian Information Front, made up largely of Brazilian exiles and headquartered in Algiers—has assembled a file of more than 120 cases.

The Front is a mixture of Christians and Marxists and includes some individuals who were prominent in Brazilian national life until the military takeover of April, 1964, or, in some cases, until the Brazilian Congress was closed in December, 1968 It cloaks itself in anonymity.

MANY ACADEMICS

Of the cases in the Front's dossier, nearly half the victims are students or teachers; most of the rest are in the professions—psychiatrists, lawyer, sociologists, a dentist, etc.—though there are a few laborers listed. The youngest is 18, the oldest 63, and the average age is slightly over 29.

Most of the cases were in the three most developed states of Brazil: Sao Paulo, Guanabara (Rio de Janeiro) and Minas Gerais; in most cases, a branch of the military service was involved. Here are two fairly typical cases:

Victim: Dulce de Souz Maia, actress, single, 30

Circumstances of arrest: Taken prisoner in her home in Sao Paulo in January, 1969, accused of belonging to a subversive organization.

Place and date of torture: Sao Paulo Department of Political and Social Order. (No date given.)

Types of tortures: Violated several times in front of other prisoners. Electric shocks in the vagina.

Torturers: Police of the army.

Other important data: The victim was among those exchanged for the West German ambassador. The victim shows traces of mental disturbances.

Victim: Joel Jose de Carvalho, printer, 21.

Circumstances and date of arrest: May 23, 1969, in Sao Paulo, suspected of subversion.

Place and date of torture: Sao Paulo Department of Political and Social Order, on the same day as his arrest.

Type of torture: Electric shocks, principally on the genital organs; telephones (simultaneous blows on both ears); parrot's perch (being hung by wrists and knees from a pole); suffocation; kicks; beatings.

Torturers: (The dossier lists 10 names, adding, "and others")

Responsielb authorities: Gen Vianna Moog, Gen. Canavarro Pereira.

Witnesses and sources of information: Reports of other prisoners.

Other data: Granted asylum in Chile in exchange for the ambassador of Switzerland.

MOST STILL IMPRISONED

Both of these cases involve individuals now outside Brazil, though most of the Front's cases conclude by indicating where the victim is imprisoned. A few are listed as being at liberty in Brazil.

The places where the tortures are said to have taken place were usually police or military headquarters, though a few cases mention the use of deserted cabins or the prisoners' own homes. In nearly every case, the prisoners had not been formally charged at the time of the tortures which seem to have been practiced as a means of interrogation.

Tortures listed most frequently are beatings; the "parrot's perch" and "telephones," stripping and sexual molestation, electrical shocks and being forced to watch the tortures of others.

The anonymity of the Front's operation may weaken its credibility; the same cannot be said for another detailed list of names, dates and places smuggled out of Rio's Ilha das Flores prison, for the 16 women prisoners who compiled the list signed it Dec. 8, 1969.

Brazil's government and its urban guerrillas seem to have arrived at an impasse. The government continues to arrest those it suspects of subversive activities, such as belonging to an armed revolutionary group. The guerrillas, charging that their imprisoned comrades are being tortured, kidnap foreign diplomats to trade for prisoners.

When the OAS discusses measures to deal with diplomatic kidnapings, Brazil's government leads the faction that insists that these must not be considered as "an isolated problem but rather, in some cases, an end to a sequence." When the OAS Commission on Human Rights asks to be allowed to investigate the torture charges—which many observers regard as another part of the "sequence"—Brazil refuses.

The cycle seems destined to continue, beyond the 130 prisoners Brazil has released and the four diplomats the guerrillas have kidnaped, unless the government adopts the suggestion of one congressman: Send all political prisoners out of the country, depriving the guerrillas of their main excuse for kidnaping diplomats.

SNI, CODI AND OPERATION BIRDCAGE

Mr. HOLT. Could you supply for the record, Mr. Ambassador, a brief statement of what is SNI, the Portuguese initials for the National Intelligence Service; and what is CODI, the Portuguese initials for Operations Center for Internal Defense; and what was Operation Birdcage? And also what relationship, if any, any agency of the United States Government in Brazil has with any of these organizations?

(The statement follows:)

SNI

The National Intelligence Service (SNI) was established by the Brazilian Congress shortly after the March 1964 overthrow of President Goulart. The SNI has nationwide jurisdiction for coordination of intelligence activities. It has its own budget and authority for the recruitment of its military and civilian personnel. It is headed by a military officer who carries the title of Director and has Cabinet level rank.

[Deleted.]

CODI

The *Centros do Operacoes de Defesa Interna* (CODI-Internal Defense Operations Centers), are a nationwide extension of Operacão Bandeirantes (OB-Operation Pioneer) established in Sao Paulo in mid-1969 as a pilot project to coordinate military and police efforts to combat terrorist activities. The various security agencies represented in *Operação Bandeirantes* and CODI include representatives of the local Army, Air Force and Navy intelligence sections and of the local state and federal police organizations.

The formation of the OB was in response to the intense level of terrorist activities during 1968 and early 1969, including bombings of military installations and robberies. The then commander of the Sao Paulo based Second Army felt that this situation required better coordination among the various intelligence and police agencies concerned with subversion. During late 1969 and 1970 the OB concept was extended as CODI to other major Brazilian cities. The CODI centers are under the coordination of the local Army intelligence representative.

The CODI operation varies from area to area. In Sao Paulo and Rio de Janeiro the organizations maintain what, in effect, are their own staffs capable of conducting autonomous anti-subversive investigations. Elsewhere the centers are frequently limited coordination offices where information and plans are periodically exchanged among the various separate investigative agencies. Primary responsibility among the various OB and CODI-member agencies for staffing and conducting investigations also tend to vary from area to area. There is no connection between CODI and any U.S. agency.

OPERATION BIRD CAGE

On the weekend of October 30, 1970, Brazilian security forces undertook a nationwide round-up designated "Operation Bird Cage" with the objective of picking up and questioning all persons suspected of any involvement with terrorist organizations. Estimates of those detained ranged from several hundred to several thousand. Most of the arrests were made in the cities of Rio de Janeiro and Sao Paulo. Most of the suspected subversives were released after a day or two; a few may still be in custody.

The official explanation for "Operation Bird Cage" was that it constituted preventive detention to forestall terrorist operations, including kidnappings and assassinations, planned to mark the first anniversary of the death of the late urban guerrilla leader, Carlos Marighella. Plans for these operations had been found in the effects of Joaquim Camara Ferreira, Marighella's successor, who had died two weeks earlier.

No U.S. agency had any connection with Operation Bird Cage.

RESOLUTION ON OPPRESSION

Finally, are you familiar with the resolution "On Oppression in Brazil," which has been adopted by the Latin American Studies Association.

Mr. ROUNTREE. By the what?

Mr. HOLT. Latin American Studies Association.

Mr. ROUNTREE. No, I am not.

Mr. HOLT. It states in part, and we can put it all in the record, "We are disturbed about the frequent accounts, among other things, of the documented role played by the U.S. AID program in the training of more than 16,000 Brazilian police in criminal investigation and counter-insurgency since 1968. Documented description of such inhuman behavior has already been submitted to Pope Paul VI. . . ."

Could you give us a comment for the record, on the allegation in this resolution?

Mr. ROUNTREE. Excuse me, may I have that resolution?

Mr. HOLT. Yes; I will give it to you.

(The resolution follows:)

RESOLUTION ON OPPRESSION IN BRAZIL

(Resolution by Latin American Studies Association)

As members of LASA we vigorously protest the violations of academic freedom and civil rights of professors, students and intellectuals now taking place in Brazil.

We are even more disturbed about the frequent accounts, first, of systematic torture being practiced on intellectuals and other individuals held prisoner by Brazilian authorities; second, of the documented role played by the United States A.I.D. program in the training of more than 16,000 Brazilian police in "criminal investigation" and counter-insurgency since 1968. Documented description of such inhuman behavior has already been submitted to Pope Paul VI by sixty-one leading European intellectuals and religious spokesmen. Courageous Brazilians have spoken out against the purges, repression and torture. American friends of Brazil can do no less.

We therefore ask an end to these academic purges, arbitrary arrests and torture and a return to a respect for the fundamental rights and human dignity of all her citizens, without which academic institutions cannot flourish.

In light of this resolution we call upon the Government Relations Committee to prepare a report to the members giving further details on the conditions herein described. The Committee is further authorized to appoint, if necessary, a mission to Brazil to help prepare this report.

STATE DEPARTMENT COMMENTS ON THE LASA RESOLUTION ENTITLED "ON OPPRESSION IN BRAZIL"

Obviously members of LASA are entitled to hold such views and pass such resolutions as they wish. The testimony of Mr. Theodore Brown before this committee and the initial response from the Department to inquiries from Senator Church explain fully and accurately A.I.D.'s role in public safety training in Brazil during the period from 1960 to the present.

Departmental views on allegations about violations of human rights in Brazil have also been fully explained to the committee by Ambassador Rountree and others in both formal testimony and informal discussions with committee and staff members. It has been made abundantly clear that the U.S. Government abhors violations of human rights wherever they may take place. Further comment on the quotation in question would seem unnecessary.

U.S.-TRAINED BRAZILIANS' CONNECTION WITH TORTURE

Mr. HOLT. Finally, is there any evidence that any Brazilian trained by the United States has been connected in any way with torture or with the Death Squads?

Mr. ROUNTREE. I am unaware of any.

Mr. DEAN. Any Brazilian trained?

Mr. HOLT. Yes.

Mr. ROUNTREE. I am unaware of any such identification.

AMBASSADOR'S RELATIONSHIP WITH AMERICAN COMMUNITY

Senator CHURCH. Mr. Ambassador, are you the honorary president of the American Chamber of Commerce in Brazil?

Mr. ROUNTREE. Yes, I am.

Senator CHURCH. Do you think it is appropriate?

Mr. ROUNTREE. It is traditional.

Senator CHURCH. My question is, do you think it is appropriate?

Mr. ROUNTREE. I think it is, because it is an association of Americans residing there.

Senator CHURCH. In view of the close relationship between the program we pursued there and the business climate, it is.

BRAZIL'S 200-MILE SEA CLAIM

On March 30, 1971 the Government of Brazil announced regulations to implement its 200-mile territorial sea claim. Several Latin countries are now extending their claims to the 200-mile limit, and I am wondering what your opinion is as to how we can best deal with this question.

Mr. ROUNTREE. That is a matter, Senator, that is being considered by the various interested agencies of the executive branch. I might say very actively considered. The differences between the Brazilians and ourselves on this question present real problems. We had, of course, hoped that the regulations implementing the fishing arrangements would not, in fact, be promulgated as they were, because it has been our earnest hope that the matter could be resolved on a worldwide basis under the auspices of the United Nations in their 1973 conference on the law of the seas.

The effects that this will have on American fishing, security, and other interests, are, as I said, under consideration at the present time, and we would expect to be discussing this with the Government of Brazil.

Senator CHURCH. Have you not discussed it with them yet?

Mr. ROUNTREE. We have discussed it with them but there will be continuing discussions on the problems which arise for us and for the entire world. This is one of the matters under active consideration.

NATIONAL SECURITY COUNCIL'S STUDY ON BRAZIL

Senator CHURCH. The GAO has informed us that in January 1969 the President commissioned the National Security Council to review U.S. policies and programs in Brazil. This has resulted in a study of approximately 800 pages costing roughly $100,000. In reviewing aid loans to Brazil the GAO has had occasion to request this study. The NSC has refused to comply with this request on the basis that the

study is an internal working paper. Are you familiar with this study in question?

Mr. ROUNTREE. Yes.

Senator CHURCH. What can you tell us about it?

Mr. ROUNTREE. Simply that it is a study, a standard review by the executive branch of various aspects of our programs in Brazil. As far as the details are concerned, it was read by me as part of my earliest briefings in connection with Brazil.

Senator CHURCH. Is there any reason why the GAO should be refused access to it?

Mr. ROUNTREE. I am sure you can appreciate, Senator, that that will be a question which the Department would have to answer, not myself.

Senator CHURCH. Can you make this study available to the subcommittee?

Mr. ROUNTREE. It would be entirely dependent upon the Department. I would be glad to convey the chairman's request.

Senator CHURCH. Would you convey the request of the subcommittee for the study and ask for a reply by the Department in writing?

Mr. ROUNTREE. Yes.

Senator CHURCH. Please.

(The following correspondence was subsequently received:)

JUNE 28, 1971.

Hon. FRANK CHURCH,
Chairman, Subcommittee on Latin American Affairs, Senate Foreign Relations Committee, U.S. Senate.

DEAR MR. CHAIRMAN: In the course of the hearings of the Subcommittee on Brazil last month, you asked if a study on Brazil, prepared for the National Security Council, could be made available to the Subcommittee.

The document concerned was an internal working paper for the use of the Executive Branch. Therefore, and consonant with the views expressed on this point by the Secretary of State to the Senate Foreign Relations Committee on May 14, when he appeared to testify on the proposed War Powers legislation, we would prefer to refer you to the equally full factual information on Brazil, provided to the Subcommittee both heretofore and in the course of these hearings.

Sincerely yours,

DAVID M. ABSHIRE.
Assistant Secretary for Congressional Relations.

JUNE 30, 1971.

Hon. DAVID M. ABSHIRE,
Assistant Secretary for Congressional Relations, Department of State, Washington, D.C.

DEAR MR. ABSHIRE: This will acknowledge your letter of June 28 in response to my request of May 11, during hearings before the Subcommittee on Western Hemisphere Affairs, that the State Department make available to the Subcommittee a copy of the National Security Council study on Brazil commissioned in January 1969.

I do not find your letter responsive. You say you "would prefer" to refer the Subcommittee "to the equally full factual information on Brazil, provided to the Subcommittee both heretofore and in the course of these hearings." The Subcommittee is appreciative of this information, but it has asked for the NSC study as well.

I ask you again for a reply, in which you either transmit the NSC study or assert a claim of executive privilege consonant with President Nixon's letter of April 7, 1969 to Chairman Moss of the House Foreign Operations and Government Information Subcommittee.

Sincerely yours,

FRANK CHURCH,
Chairman, Subcommittee on Western Hemisphere Affairs.

Anything else?

Mr. HOLT. No.

NUMBER OF POLITICAL PRISONERS

Mr. ROUNTREE. Senator, may I make one addition to the record?

Senator CHURCH. Yes.

Mr. ROUNTREE. Because I was interrupted at the point by Senator Pell, and it left me high and dry. I just mentioned I was talking about the 12,000 political prisoners allegedly having been, being held in Brazil and I wanted to go from that point and say that the Brazilian Government has stated that the number was less than 500 and this figure has been accepted as accurate by Brazilians who were released under exchanges for kidnapped ambassadors.

Senator CHURCH. Is there anything else you would like to add to what you have said, Mr. Ambassador?

Mr. ROUNTREE. I think not, Senator.

Senator CHURCH. I want to thank you very much for your coming and for your answers and testimony this afternoon.

Mr. HOLT. Mr. Chairman, I think, if you will permit me, we need to clarify this matter of the number of political prisoners a little bit more. I think both the 12,000 figure you mentioned, which came from the International Commission of Jurists, if I remember correctly, and the 500 figure which the Brazilian Government mentioned, referred to political prisoners being held at a particular time, and there is a distinction to be made between that and the number of people who might have been or who have been arrested and held for varying periods of time and subsequently released since 1964 or 1968 or whatever time.

Mr. ROUNTREE. I understand.

Mr. HOLT. Would you have an estimate of the total number of people who had been arrested on political charges since 1968 or 1964 and subsequently released after varying periods of time?

Mr. ROUNTREE. No. I think the record should clearly indicate that I do not know the accuracy of either figure or what figure would be correct. I might add that the Government of Brazil maintained that the 500 figure they stated represents not political prisoners but people arrested for acts of terrorism and so forth. In other words, crimes rather than political prisoners as such.

Senator CHURCH. Do you believe there are no political prisoners presently held in the jails of Brazil, as we would define a political prisoner?

Mr. ROUNTREE. I have no way of knowing in precise detail.

Senator CHURCH. You have no way of knowing. All right, Mr. Ambassador, thank you.

NON-APPEARANCE OF COL. MOURA

Before the record is closed, I want to insert some correspondence I have had with the Department of Defense concerning the production of witnesses for these hearings. This consists of:

(1) A letter dated April 8 from me to Secretary of Defense Melvin Laird requesting that Major Gen. George S. Beatty, commander of the U.S. military group in Brazil, and Col. Arthur S. Moura, defense attaché, be available for testimony before the subcommittee;

(2) A letter dated April 26 from Assistant Secretary of Defense G. Warren Nutter to me, agreeing to the appearance of General Beatty, but peremptorily and without explanation rejecting the request for Colonel Moura; and

(3) A reply from me to Mr. Nutter April 28 pointing out that the effect of this decision, if it stood, would be to deprive the Senate of any knowledge of the organization and operation of the Defense Attaché's office in Brazil.

My letter of April 28 also asked Mr. Nutter, pending further consideration of the matter, to make available a witness—whom the Defense Department could select—to testify in detail on the work of the service attachés in Brazil.

This letter was mailed from my office April 29; I am informed that it was received in Mr. Nutter's office May 4. Today is May 11 and I have not yet had a reply, nor has the Defense Department produced a word of testimony on the attachés.

This is contempt of the Senate in the literal sense, and perhaps in the legal sense as well.

APRIL 8, 1971.

HON. MELVIN LAIRD,
Secretary of Defense,
Washington, D.C.

DEAR MR. SECRETARY: The Subcommittee on Western Hemisphere Affairs of the Foreign Relations Committee intends to have hearings on United States policies and programs in Brazil.

For this purpose, we are asking various departments of the Government to make available specified U.S. officials in Brazil for testimony in executive sessions during the week beginning May 3 or the week beginning May 10.

From the Department of Defense the Subcommittee would like to have Major General George S. Beatty and Colonel Arthur S. Moura. From other agencies, the Subcommittee wants to hear from Ambassador William Rountree, Mr. William Ellis and Mr. Theodore D. Brown of AID, and [deleted]. I am sending similar letters to the heads of these other agencies.

I anticipate that the hearings will run for two or three days, morning and afternoon. We also expect to publish the record of the hearings after it has been edited for the deletion of classified material.

Sincerely yours,

FRANK CHURCH, *Chairman,*
Subcommittee on Western Hemisphere Affairs.

ASSISTANT SECRETARY OF DEFENSE,
INTERNATIONAL SECURITY AFFAIRS,
Washington, D.C., April 26, 1971.

Hon. FRANK CHURCH,
Chairman, Subcommittee on Western Hemisphere Affairs, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Secretary Laird has asked me to reply to your letter of April 8 concerning hearings you are planning to hold on United States policies and programs in Brazil.

We will be glad to make Major General George S. Beatty, USA, Commander, U.S. Military Group and Joint Brazil-U.S. Military Commission, available to your Subcommittee for the duration of your hearings. However, Colonel Arthur S. Moura, USA, Defense Attache, cannot be made available.

If we can be of further assistance at this time, please let us know.

Sincerely,

G. WARREN NUTTER.

APRIL 28, 1971.

Hon. G. WARREN NUTTER,
Assistant Secretary for International Security Affairs, Department of Defense, Washington, D.C.

DEAR MR. SECRETARY: I have received your letter of April 26 replying to my letter to Secretary Laird of April 8 concerning hearings on United States policies and programs in Brazil.

I look forward to seeing Major General George S. Beatty on May 4 at 10:00 a.m. in room S-116 of the Capitol. His testimony will follow that of Mr. Theodore Brown, the chief AID Public Safety advisor in Brazil.

I am disturbed and puzzled by your refusal to permit Colonel Arthur S. Moura, the Defense Attache, to testify. The effect of this decision, if it stands, will be to deprive the Senate of any knowledge of the organization and operation of the Defense Attache's office in Brazil. This is not acceptable, and I am sure that the Subcommittee on Western Hemisphere Affairs and the parent Committee on Foreign Relations will want to give more serious consideration to the problem this raises.

In the meantime, I ask you to make available a witness to testify in detail on the work of the service attaches in Brazil. We will expect to take this testimony in executive session at 2:30 Tuesday afternoon May 4 in room S-116. I would appreciate it if I can know the identity of the witness in advance.

Sincerely yours,

FRANK CHURCH, *Chairman,*
Subcommittee on Western Hemisphere Affairs.

(The following correspondence was subsequently exchanged:)

MAY 15, 1971.

Hon. FRANK CHURCH,
Chairman, Subcommittee on Western Hemisphere Affairs, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: It is my understanding that you have been orally advised of the fact that your letter of April 28, 1971, requesting an additional witness to appear before your Subcommittee on May 4th, did not reach my office until late in the afternoon of that day. An unsigned copy of your letter was received by a member of my staff from Mr. Holt earlier in the afternoon of May 4; however, in neither case was there adequate time to comply with that request.

Colonel Arthur Moura, the Defense Attache in Brazil, is a member of the Defense Intelligence Agency and, therefore, could not be made available to appear before your Subcommittee on Western Hemisphere Affairs because of established Executive Branch procedures whereby only a director of an intelligence agency can represent his agency in testimony before the Congress. The effect of the rule, contrary to denying information to the Congress, insures that the Congress shall be given information from the most authoritative source available within such an agency. It is assumed that this was the reason for substituting Mr. Helms in lieu of [deleted] for testimony on May 5.

I regret that we did not receive timely notice to respond to your request.

Sincerely,

G. WARREN NUTTER.

JUNE 8, 1971.

Hon. G. WARREN NUTTER,
Assistant Secretary for International Security Affairs, Department of Defense, Washington, D.C.

DEAR MR. NUTTER: I regret that the press of other business has precluded an earlier reply to your letter of May 15 with further reference to the non-appearance of Colonel Arthur Moura, the Defense Attache in Brazil, before the Subcommittee on Western Hemisphere Affairs.

It had been my understanding that the "established Executive Branch procedures" to which you refer applied only to the Central Intelligence Agency and to the National Security Agency, whose operations are in major part covert.

Defense attaches operate overtly. If they cannot appear before Congressional committees, there could with equal logic be a rule that the Secretary of State would appear in lieu of ambassadors.

Finally, despite what you refer to as "established Executive Branch procedures," the Defense Department did make available to the Subcommittee on U.S. Security Agreements and Commitments Abroad the Air Attache in Vientiane and the former Army Attache Representative in Luang Prabang.

Sincerely yours,

FRANK CHURCH,
Chairman, Subcommittee on Western Hemisphere Affairs.

JULY 29, 1971.

HON. FRANK CHURCH,
Chairman, Subcommittee on Western Hemisphere Affairs, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR CHAIRMAN: In reply to your letter of June 8 concerning hearings on Brazil conducted by your Subcommittee, the Executive Branch procedure which I referred to in my previous letters has always been applicable to the Defense Intelligence Agency as well as the Central Intelligence Agency and National Security Agency.

The two attaches you noted in your letter, who testified before the Foreign Relations Subcommittee on U.S. Security Agreements and Commitments Abroad, testified on matters other than those related to their normal responsibilities as attaches and representatives of the Defense Intelligence Agency. The Air Attache in Vientiane testified on his duties as air operations officer on the Embassy staff and the former Assistant Army Attache in Luang Prabang testified on his experiences with the Royal Laotian Army. Both officers were made available, despite the fact that they were members of the Defense Intelligence Agency and only the Director of that Agency can testify on intelligence matters, because it was understood beforehand that they were testifying on matters not connected with their normal attache duties.

Sincerely,

G. WARREN NUTTER.

(Whereupon, at 5:25 p.m., the hearing was concluded.)

SUMMARY INDEX

	Page
Aerial mapping program	77
Agrarian reform	176
Agriculture attaché	272
AID and trade	300
AID equipment in controlling riots	34
AID per capita expenditure	67
AIFLD funding in Brazil	251
Aiken, Senator George D.:	
Examination of witnesses:	
Brown, Theodore D	16, 17, 19, 29
Rountree, Ambassador William M	271–275
Alliance years of the 1960's	160
American aid staff	238
American business profits	285
American capital, home or overseas	243
American citizens, arrests of	301, 302, 304
American institute for free labor	250
American Military presence	149
Anticommunism unconvincing for aid	168
Armed Forces U.S. oriented	56
Arrests	294
Atomic energy personnel	271
Attitudes toward police	281
Bank robbery problem	31
Brazil-Argentina military exercises	150
Brazil importance to United States	257
Brazil in world affairs	290
Brazil tax data	173, 238
Brazil with other nations	297
Brasilia University	138
Brazilian assignments to JBUSMC	153
Brazilian exports to United States	242
Brazilian foreign debt service	283
Brazilian growth	175
Brazilian military attitudes	149
Brazilian police	44
Brazilian police capabilities	17
Brazilian public safety trainees	16
Brazilians reaction to police	33
Brazil, value of trading with	245
Brazilian War College	150
Brazil's economic progress	258
Brazil's peacekeeping efforts	55
Brazil's 3d Army	154
Brazil's 200-mile sea claim	153, 310
Brazil-United States Military and Defense Commission	89
Buying of goodwill	297
Captain Chandler's murder	41
Chilean elections	154

Church, Senator Frank:
Examination of witnesses: Page
Beatty, Maj. Gen. George S. 86–88, 90–92, 94, 95, 97, 98, 138, 140, 143, 144, 146–149, 152, 153
Brown, Theodore D. 3–18, 21–23, 27, 30, 31, 34–39, 45, 46, 49,50
Ellis, William 159–161, 164–173, 175, 177–180, 237, 238, 240, 242–245, 253
Knaur, Peter 140–145
Rountree, Ambassador William M. 259, 272–287, 290, 294–301, 310–312
Civic role of Brazilian forces 136
Civil police concepts 40
Clearance for intelligence courses 155
CODI 32, 308
Cordiality based on dollars 298
Crime statistics 35
Death squads 45, 49
Debt problem 171
Defense research 97–98
DOPS 24
Economic aid and communism 166
Economic integration, commodity stabilization 180
Educational improvements 179
Electronic equipment 28
Equipment requested by Brazil 145
Foreign currency in AID program 251
Foreign firms purchase small companies 248
Foreign firms' share of exports 246
Foreign investment, attitude 242
Government-owned businesses 241
Graphics 16
Health and inflation 179
Hemisphere role 154
Holt, Pat M.:
Examination of witnesses:
Beatty, Maj. Gen. George S. 85–91, 93, 94, 96–101, 136–138, 145–155
Brown, Theodore D. 23–26, 28, 29, 31–33, 35–37, 40–46, 48–51
Dean, Robert W. 24, 27, 46
Ellis, William 238–242, 246, 248, 250, 252
Rountree, Ambassador William M. 287–290, 294, 301, 302, 304, 305, 308–310, 312
Housing development 178
Income distribution 175
Institute of criminalistics 14
Institute of identification 15
Institutional Act No. 5 44
Inter-American Commission on Human Rights 305
Interest in U.S. training or equipment 43
Interest rate for credit sales 143
Inter-American geodetic survey 91
Internal security situation 29
International Commission of Jurists 151
Joint ownership of companies 246
Language capability of personnel 33, 147
Latin American Studies Association 309
Law enforcement 17
Loan for education 169
Loan for sewerage 168
Loans, 1971 169
Loans, Terms of 169, 171
Manufacture of aircraft in Brazil 144
Mapping of Brazil 92
Milgroup 146, 152

Page
Military airlift command 98–100
Military assistance 138
Military control of police 23
Military controlled government 49
Military sales to Brazil 140–146, 282
Military training 54, 87–88, 91
Money repatriated 286
Motivation of Brazils' forces 148
Multilateral insitutions 284
Mutual defense assistance 70
National Police Academy 13
National security study on Brazil 310
Navy Communications Group Rio 93–97
Mowa, Col. Arthur 312
Operation Bandeirantes 43
Operation birdcage 43, 308
Orientation tours 101
Patent licenses 137
Payments and budgetary support 240
Pearson, Senator James B.:
Examination of witness:
Rountree, Ambassador William M 277
Pell, Senator Claiborne:
Examination of witness:
Brown, Theodore D 39, 40
Rountree, Ambassador William M 291–294
Police assistance from other countries 40
Police trained by United States 19
Political military agreement 56
Political prisoners 312
Private investment 165
Programs and sector loans 239
Projects criticized by GAO 249
Public and police 38
Public safety advisers 11, 26
Public safety program 3–5, 21, 25, 33, 50, 241, 279, 282
Public safety training 50
Punta del Este, progress under charter 172
Quadros–Goulart years 163
Reaction to safety program 280
Reassessment of program 301
Repayment record 170
Riot control equipment 26
Scientific representative 272
Sector assistance years, 1969–70 164
SNI 308
Stabilization years, 1964–68 163
State Secretaries of public safety 24
Surveillance equipment 27
Taxation 177
Threat to Brazil 86, 149
Torture 18, 20, 39, 291, 293–294, 310
Trade diversification 176
TRANET Station 267–271, 287–290
Urban areas, population increase 178
U.S. aid 159, 164, 296
United States-Brazilian military agreements 137
United States-Brazilian Military Commission 82
United States-Brazilian relations 298
United States and Brazilian police operations 37
United States-Brazilian military relationship 51
U.S. firms on Brazilian market 245

Page
U.S. information program 258
U.S. interests in Brazil 165–166
U.S. interest in aiding Brazil 283
U.S. involvement in internal affairs 277
U.S. knowledge of police training 17
U.S. military in Brazil 53
U.S. personnel costs in MAP 100
U.S. personnel in Brazil 258, 273–274
U.S. policy objectives 85, 290
U.S. riot equipment 240
U.S. security in Brazil 296
Wages in Brazil 248
Western Brazil 155

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