

In our view the Brazilian authorities could meet these outstanding amounts without imposing too great a strain on their dollar resources. Undoubtedly, they would probably like to bargain with us about some form of financial assistance but this should be resisted. You might wish to point out, however, that, although commercial credits have been extended from time to time, financial assistance of this sort will become more difficult if outstanding obligations are not met. Consequently it would be in Brazil's interest if action could be taken to meet outstanding obligations to Canadian exporters.

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DEA/2588-40

L'ambassadeur au Brésil au secrétaire d'État aux Affaires extérieures

Ambassador in Brazil to Secretary of State for External Affairs

TELEGRAM 63

Rio de Janeiro, November 17, 1953

CONFIDENTIAL

COMMERCIAL ARREARS

Reference: Your telegram No. 64 of November 3rd.

1. You asked me in above telegram to raise the question of our commercial arrears with Brazilian authorities. I raised it during my official call on November 13th with the Minister of Finance, Dr. Oswaldo Aranha.

2. Aranha, called to office four months ago by President Vargas to rescue Brazil from her financial difficulties, has in his four months of office introduced a number of sweeping measures, including the Aranha plan for auctioning off foreign exchange to importers.

3. While the effects of his involved activities on economy are still obscure, one evident result is that he has become the man of the hour in Brazil and a favoured contender for the presidency in the 1954 elections.

4. As he has no colleague of anything like his stature or influence in the cabinet, everyone with a cause or a complaint knocks at his door; and he has not had time to build up a dependable staff; he himself makes most of the decisions. He is frantically busy and he is terribly harassed perhaps in part by fear of (group corrupt) manipulation, and special arrangements he has chosen may be beyond him for all his skill and adroitness.

5. He has these qualities and courage, intelligence and experience as well. He planned the revolution that led Vargas to power in 1930. He has been Ambassador to the United States, President of United Nations Assembly and has held many important cabinet posts. But the task he now struggles with calls for self-discipline, restraint, consistency; good sober judgment and a sure sense of economic values. He may never have need for these qualities as much as he needs them now: there are indications he may not have acquired them.

6. There are in particular his erratic and puzzling statements on foreign investments in Brazil, on which I will report separately. He has attacked specific United