

INCOMING TELEGRAM *Department of State**POL 2 BRAZ**42*
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C O N F I D E N T I A L ACTION PRIORITY DEPT 2057 INFO USCINCSO
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USCINCSO FOR POLAD

BRASILIA SAO PAULO RECIFE BELO HORIZONTE UNN

RE: EMBTEL 2054 *pl 2B*

ALL SECTORS CONTINUING CONSOLIDATE POSITIONS. GOULART ALLEGED TO HAVE SIGNED OR BE PLANNING TO SIGN NUMBER OF NEW DECREES, LEFT WORKING OUT "POPULAR FRONT" AND URGING GOULART TO MAINTAIN PACE, AND OPPOSITION PLANNING NEW RALLIES AND MANIFESTOS.

1. A) GOULART ALLEGED BY DIARIO CARIOCA TO HAVE SIGNED DECREE CREATING NATIONAL URBAN POLICY COUNCIL WHICH WILL "COORDINATE AND ORIENT COUNTRY'S POPULAR HOUSING POLICY". PRESS REPORTS PRESIDENT WILL "SOON" SIGN DECREES A) GRANTING "PROVISIONAL" 100 PERCENT SALARY "BONUS" RETROACTIVE TO MARCH 1 TO ALL CIVIL SERVANTS AND MILITARY RANKS, PENDING "DEFINITIVE" CONGRESSIONAL ACTION ON MILITARY PAY RAISE BILL NOW BEFORE CONGRESS AND "WITHOUT PREJUDICE" TO FUTURE REQUEST TO CONGRESS ON CIVIL SERVICE WAGES; AND B) IMPLEMENTATION OF RENT CONTROL DECREE SIGNED MARCH 14 (EMBTEL 1976). IT ALSO REPORTED GOULART INTENDS SIGN "NEXT MONTH" DECREE EXPROPRIATING DOMESTIC AIR TRANSPORT COMPANIES.

B) IN SUPRA ACTIVITIES, GOULART YESTERDAY SIGNED DECREE EXPROPRIATING SOME TWO THOUSAND HECTARES IN MUNICIPALITY OF PRESIDENTE PRUDENTE, SAO PAULO, ALLEGEDLY TO BE TURNED OVER TO 200 FAMILIES WHO HAVE BEEN LIVING ON LAND FOR SOME YEARS AND ARE NOW THREATENED WITH EXPULSION. ALSO, GOULART AGAIN MADE IT KNOWN HE "PREFERS" BEING PAID IN PUBLIC BONDS RATHER THAN CASH FOR THE TWO FARMS OF HIS OWNERSHIP HE

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-2- 2057, MARCH 24, 8 PM, FROM RIO DE JANEIRO.

HAS ORDERED SUPRA TO EXPROPRIATE (EMBTTEL 1981).

2. LEFT:

A) JORNAL DO BRASIL'S CARLOS CASTELLO BRANCO (BUT NO ONE ELSE) REPORTS THAT BRIZOLA HAS "OFFICIALLY" ACCEPTED GOULART REQUEST THAT HE ASSUME "EFFECTIVE" LEADERSHIP OF PTB AND CONDUCT CAMPAIGN FOR PLEBISCITE "WHICH SHOULD BE HELD BEFORE MAY 1". (COMMENT: IF THIS REPORT IS TRUE, SEEMS HIGHLY DOUBTFUL THAT A "PLEBISCITE" COULD BE CONSIDERED IN SUCH A SHORT PERIOD, UNLESS SUBSTANTIAL BEHIND-THE-SCENES GROUNDWORK (INCLUDING AMONG MILITARY) HAS ALREADY BEEN ACCOMPLISHED. BRIZOLA NOW AGAIN BEING MENTIONED AS CONTENDER FOR (UNNAMED) CABINET POST.

B) IN THIS WEEK'S PANFLETO; BRIZOLA PAYS BACK-HANDED HOMAGE TO OPPOSITION ACTIVITY SINCE MARCH 13 BY WARNING "THE PEOPLE" THAT A GOLPE IS "CLEARLY" BEING PREPARED AND URGES PEOPLE TO BE "ATTENTIVE AND VIGILANT...IT IS OUR DUTY TO SUPPORT AND ENCOURAGE (GOULART'S) CONCRETE ACTS" WHICH "HORRIFY" THE OPPOSITION. EDITORIALY, PANFLETO STATES "PEOPLE WANT REFORMS. CONGRESS REFUSES THEM. FACED WITH THIS IMPASSE, POPULAR FORCES SHOULD DEMAND: 1) INTRANSIGENT MAINTENANCE OF DEMOCRATIC LIBERTIES; 2) UNITY OF AUTHENTICALLY POPULAR FORCES; 3) FORMATION OF POPULAR NATIONALIST GOVERNMENT; 4) PLEBISCITE ON CONVOCAION OF A CONSTITUENT ASSEMBLY; 5) DEMOCRATIZATION OF VOTE FOR SUCCESSION" (THIS LAST APPARENTLY REFERS TO MAKING ALL OF VOTING AGE ELIGIBLE BOTH TO VOTE AND TO RUN FOR OFFICE).

C) PRESS TODAY CARRIES STILL ANOTHER TEXT OF "POPULAR FRONT" PROGRAM WHICH CARRIES SOME EMBELLISHMENTS NOT SEEN PREVIOUSLY, E.G. "RESCHEDULING OF BRAZIL'S FOREIGN DEBTS WITHOUT POLITICAL OR ECONOMIC CONCESSIONS; CENTRALIZATION, INTERVENTION AND CONTROL BY THE GOB OF ALL FOREIGN ASSISTANCE, INCLUDING FUNDS ORIGINATING FROM PL 480 WHEAT AGREEMENTS." COMMENT: THIS DRAFT, WHICH SEEMS COME CLOSER TO INCORPORATING WISHES OF ALL ELEMENTS OF LEFT NOW REPORTED TO BE DISCUSSING PARTICIPATION IN POPULAR FRONT, IS MOST RADICAL YET SEEN BUT IS NOT BELIEVED REPRESENT FINAL VERSION, PARTICULARLY IN VIEW ENTIRE "FRONT" ISSUE STILL IN CONSIDERABLE STATE OF FLUX.

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-3- 2057, MARCH 24, 8 PM, FROM RIO DE JANEIRO.

D) IN APPARENT RESPONSE TO UNSPOKEN UNEASINESS IN SOME SEGMENTS OF LEFT TO GOULART'S RELATIVE INACTIVITY OF PAST FEW DAYS, GOULART ADVISORS AND SOME COLUMNISTS INSISTING PRESIDENT "WILL NOT RETREAT" FROM COMMITMENTS ASSUMED MARCH 13.

3. OPPOSITION:

A) PLANS FOR RIO APRIL 2 MARCH (REFTEL) PROCEEDING Apace, WITH FORMER PRESIDENT DUTRA REPORTEDLY TO LEAD MARCH. LEFTIST WOMEN'S ORGANIZATIONS LED BY MRS. BRIZOLA NOW REPORTEDLY PLAN COUNTERING RALLY IN RIO ON APRIL 3.

B) FEDERATION OF INDUSTRIES OF MINAS GERAIS PLANNING "FORUM OF LEGALITY" IN BELO HORIZONTE ON APRIL 21, REPORTEDLY WILL INVITE LACERDA, DUTRA, ADHEMAR, KUBITSCHKE, ETC. GOULART RALLY PREVIOUSLY SCHEDULED FOR BELO ON SAME DAY NOW SAID BE SCHEDULED FOR APRIL 19 (VARGAS' BIRTHDAY), WITH APRIL 21 GOULART RALLY SCHEDULED FOR BRASILIA.

C) LACERDA IN TOUR OF SAO PAULO STATE IN PAST FEW DAYS HAS HIT HARD AT GOULART AND AT LENGTH GIVEN HIS ANALYSIS AND PROPOSED SOLUTION OF NATION'S AGRARIAN PROBLEMS.

4. MILITARY: OPPOSITION AND MODERATE PRESS MAKING MUCH OF SHORT VISIT TO MARSHAL DUTRA BY RIO CARDINAL JAIME CAMARA. SOME GENERALS WHO ALLEGEDLY SIGNED "GENERALS MANIFESTO" (REFTEL) ARE DENYING THAT USE OF THEIR NAMES WAS AUTHORIZED.

GP-3. GORDON

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