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SP NO: 185, July 28, 2 p.m.

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ACTION DEPARTMENT 185 INFORMATION BRAZILIA PRIORITY 14

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DEPTEL 119, July 24, 1963.

1. Dichotomy in Goulart's approach Congressional problems pointed out in reference telegram is not unusual for him. Would be strange indeed if he ever put all eggs in one basket. Possible reversal current conciliatory policy could be triggered by A) Congressional rejection current administration Agrarian reform constitutional amendment. Goulart probably more interested political credit such legislation than in actual Agrarian reform. B) Acceleration economic difficulties which might destroy Goulart's attempt picture himself Conciliator-administrator.

2. Questionable whether Goulart could mount pressure campaign equal that of 1962. His cause then widely considered just and he was able enlist important support self-interested figures like Kubitschek, Magalhaes Pinto. Current military disposition while adequate in present circumstances keep Goulart from being deposed probably unenthusiastic about pressuring Congress. Far left in Congress (Brizola and Company) numerically weak and largely demoralized; reduced to obstructionist role. In labor, however, Goulart still maintains political control despite UST reservations. Open to doubt whether Carvalho Pinto, on whose prestige Goulart leaning heavily, would countenance extremist pressure tactics.

3. Since Goulart's thinking on inter alia bifurcated, always

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NAME OF OFFICER: <u>R. Burton</u>	DATE OF ACTION: <u>7/30/63</u>	
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-2- 185, July 28, 2 p.m. from Rio De Janeiro

necessary give consideration Machiavellian interpretation his tactics, i.e., Tancredo Neves purposely made majority leader since without support his own state Bancada his inability hold administration coalition together for ordained leading to stalemate and immobilization Congress enabling Goulart to appeal to Povo for special powers. Embassy does not see sufficient evidence support this theory but will continue watch situation with such possibility in mind.

4. Regarding Cabinet shuffle, Embassy believes more important motive than widening Congressional support was to get rid of Kruel, Dantas, Balbino and Almino Afonso who were three on one side and one on the other showing increasing independence from President. Goulart picked replacements basis controllability, but generally mediocre level required inclusion strong man (at least in public opinion) Carvalho Pinto.

5. Specifically with regard to basic reform rallies, these been announced from time to time over past 6 months by Frente Parlamentar and Frente Mobilizacao popular but to date talk has not been followed by action and even talk declining in volume.

6. Ibad investigation and publication of lists of Deputies supposedly receiving Ibad money during last year's election campaign has been presented by some leftists as grounds for expelling Deputies and Senators concerned from Congress or in any case as demonstrating that this Congress bought by foreign and domestic interests. If constitutional amendment fails, and PTB Grupo Compacto seems bent on achieving this, not impossible Goulart in future might assault Congress itself on combined leftist-nationalist grounds. We have been told that in private conversation July 24 with Nascimento Brito Goulart used Portuguese equivalent most earthy Angol-Saxon quadrilaterals in referring to Congress.

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