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INCOMING TELEGRAM

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47
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FROM: RIO DE JANEIRO

TO: Secretary of State

NO: 2454, JUNE 18, 8 P.M.

PRIORITY

ACTION DEPARTMENT 2454, INFORMATION POLAD/USCINCO 107.

FOLLOWING COMMENTS REGARDING NEW CABINET AND RESULTANT OVERALL SITUATION ARE PRELIMINARY AND TENTATIVE PENDING CONFIRMATION OF BALANCE OF APPOINTMENTS BEYOND FIVE CIVILIAN AND THREE MILITARY THAT HAVE BEEN CONFIRMED. COMMENTS BASED ON ASSUMPTION THEY WILL BE.

WE NOT ENTIRELY SURE PRIMARY PURPOSE IN JANGOS MIND IN ESTABLISHING THIS LINE-UP. PRIOR PROPAGANDA CONCENTRATED ON NECESSITY TO GAIN CONGRESSIONAL SUPPORT FOR PROGRAM OF "BASIC REFORMS". CABINET HAS SOME ASPECTS ATTRIBUTABLE TO SUCH EFFORT, AS, FOR EXAMPLE, GIVING INCREASED REPRESENTATION TO PSD, INCLUDING POLITICALLY IMPORTANT PORK-BARREL MINES AND ENERGY MINISTRY, AND INCLUDING PDC IN CABINET FOR FIRST TIME. PSD, HOWEVER, IS KEY ON ISSUE OF AGRARIAN REFORM, ONE PRESIDENT MOST CONCERNED ABOUT, AND SEEMS DOUBTFUL PARTY MEMBERS WILL SWITCH PREDOMINANT NEGATIVE STAND IN CHAMBER ON CONSTITUTIONAL AMENDMENT MERELY BECAUSE OF TWO NEW POSTS.

GETTING RID OF KRUEL AND DANTAS SEEMS MORE IMPORTANT PURPOSE. EVEN WITHOUT FACT THAT TOGETHER WITH BALBINO, ALSO OUT IN PRESENT RESHUFFLE, THEY WERE PRIME TARGETS OF COMMUNIST NATIONALIST ATTACK, JANGO MAY HAVE HAD HIS OWN REASONS FOR WANTING TO DISPOSE OF THEM. INSISTANCE ON REPLACEMENT ALL THREE MILITARY MINISTERS WAS CLEARLY COVER FOR REMOVAL OF KRUEL.

/LATTER DESPITE

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-3- 2454, JUNE 18, 8 P.M. FROM RIO DE JANEIRO

OF KEY IMPORTANCE WILL, OF COURSE, BE ACTIONS OF JAIR IN WAR
MINISTRY AND OF CARVALHO PINTO IN FINANCE (ASSUMING HE TAKES JOB).
NICE NOISES JAIR IS MAKING NOW TELL US NOTHING OF LASTING SIG-
NIFICANCE SINCE REASSURANCE OF MILITARY, FROM WHICH ALONE EFFECTIVE
COUNTER ACTION COULD COME, OBVIOUS STEP AT THIS TIME EVEN IF HE HAD
WORST OF INTENTIONS. OPINIONS OF HIM TOO, DIFFER FROM A POLITICAL
CAREER OFFICER TO BRIZOLAITE, BUT MOST AGREE WHATEVER HE IS HE IS
WEAKER THAN KRUEL; CARVALHO PINTO ON SURFACE AT LEAST SHOULD BE
COMPETENT AND PROCLAIMS INTENTION TO STICK TO ANTI-INFLATIONARY
PROGRAM. AGAIN, HOWEVER, SEEMS DOUBTFUL HE AS STRONG AND
COURAGEOUS AS DANTAS.

EVEN IF UNKNOWN QUANTITIES TURN OUT TO BE NOT SO BAD, QUESTION
GRAVELY CONCERNING US ARISES FROM VERY SERIOUS NATURE OF PRESENT
FINANCIAL AND ECONOMIC SITUATION WHICH CALLS FOR COURAGEOUS,
POSITIVE AND EXTREMELY DIFFICULT ACTION TO PREVENT GRADUAL DRIFT
INTO REALLY THREATENING SITUATION. IF DANTAS AND KRUEL, BOTH OF WHOM
SHOWED REAL COURAGE AND STRENGTH, WERE UNABLE TO GET GOB TO
RESTORE POLITICAL STABILITY AND TO MAKE CONSISTENT EFFORTS TO IM-
PROVE FINANCIAL SITUATION, DOUBTFUL THAT WEAKER OR MORE DUBIOUS
MEN WILL DO SO.

SCP-3.

MEIN

COT

They are not

There is disagreement

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