

INCOMING TELEGRAM Department of State

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Action

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SP P R 011805Z JUL 67
SC FM AMEMBASSY BRASILIA
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H INFO RUE SUA/AMEMBASSY RIO DE JANEIRO
P RUESUP/AMCONSUL SAO PAULO
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NSC STATE GRNC
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SUBJ: CABINET MEETS: POSTPONES ACTION ON ECONOMIC PLAN

1. PRESIDENT COSTA E SILVA USED OCCASION OF CABINET MEETING JUNE 30 TO EXPRESS CONFIDENCE AND SATISFACTION WITH HIS MINISTERS AND TO DENY ANY INTRIGUE OR DIVISIONS AMONG THEM. MEETING WAS TO HAVE EXAMINED PLANMIN HELIO BELTRAO'S GOVERNMENT ACTION PLAN, BUT FULL CONSIDERATION OF PLAN POSTPONED FOR ANOTHER TWO WEEKS.

REASON FOR POSTPONEMENT NOT ENTIRELY CLEAR; APPEARS BELTRAO HAD NOT YET DISTRIBUTED DETAILED PORTION OF PLAN TO CABINET, ALTHOUGH GENERAL OUTLINES ALREADY GIVEN AND PUBLISHED EARLIER (SEE BRASILIA 1583, ITEM 2).

2. ACCORDING NEAR UNANIMOUS PRESS REPORTS ON MEETING, COSTA E SILVA SAID CABINET MUST REMAIN IMMUNE TO ATTEMPTS TO START INTRIGUES AND THAT "ORDER AND TRANQUILITY" MUST CONTINUE TO REIGN IN NATION. SAID THAT GOVERNMENT HAS ALL THE ELEMENTS NECESSARY TO ACHIEVE "EXTRAORDINARY PROGRESS" WITHIN A FEW YEARS: PERFECT "MESHING" AMONG MINISTERS AND BETWEEN THEM AND PRESIDENT; TRANQUILITY OF ARMED FORCES; "ADMIRABLE CONDUCT" OF WORKERS; POLITICAL BACKING OF CONGRESS; AND SYMPATHY OF PEOPLE. ADDED THAT HE ASSUMES ENTIRE RESPONSIBILITY FOR DECISIONS OF GOVERNMENT BECAUSE IS ACCUSTOMED TO DO SO AND IT IS DUTY OF PRESIDENT.

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3. COMMENT: AFTER THREE AND HALF MONTHS IN OFFICE,
FURTHER DELAY IN CABINET'S CONSIDERATION OF NATIONAL ECONOMIC

PLAN IS NOT ESPECIALLY HEALTHY SIGN. NEVERTHELESS, TWO MORE
WEEKS--IF IT IS ONLY THAT--NOT NECESSARILY TRAGIC. ALTHOUGH
DISAGREEMENTS WITHIN CABINET PROBABLY NOT DEEP, IT WOULD
BE SURPRISING IF THEY DID NOT EXIST IN VIEW VARIED AIMS AND
BACKGROUNDS OF CABINET MEMBERS. NEXT STEP IS FOR
ADMINISTRATION TO SETTLE ON REASONABLY CONSISTENT ECONOMIC
PROGRAM, AND GET ALL CABINET MEMBERS BEHIND IT. THIS
APPEARS BE COSTA E SILVA'S CHIEF TASK AT MOMENT.

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