

FM AMEMBASSY RIO DE JANEIRO TO RUEHCR/SECSTATE WASHDC 1016 INFO ZEN/AMEMBASSY BRASILIA 105 STATE GRNC BT C O N F I D E N T I A L NOV 04.

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CABINET REFORM

GOVERNOR MAGALHAES PINTO OF MINAS GERAIS HAS DECLINED TO MAKE ANY RECOMMENDATIONS FOR COMPOSITION NEW CABINET. IN LETTER TO JUSTICE MINISTER JURACY MAGALHAES NOVEMBER 3 (PUBLISHED RIO PRESS NOV.4), MINAS GERAIS GOVERNOR INDICATED HE WISHED NOT TO BE ASSOCIATED WITH FEDERAL GOVERNMENT UNLESS AND UNTIL THERE IS "HUMANIZATION OF ECONOMIC POLICY". HE SAID TIME HAS ARRIVED FOR REAPPROXIMATION OF REVOLUTION WITH PEOPLE AND THIS MENT" AND BEGINNING OF NEW PHASE IN WHICH ALL NON-COMPROMISED AND WELL-INTENTIONED ELEMENTS COULD JOIN IN COMMON EFFORT TOWARD NATIONAL **XXXXXX** RECONSTRUCTION UNDER ADEQUATELY NATIONALIST ORIENTATION. HE ALSO ASSERTED THAT IF GOB HAD HEEDED HIS RECOMMENDATIONS EARLIER PROCESS OF REESTABLISHMENT OF LEGAL ORDER WOULD HAVE BEEN MORE RAPID AND COUNTRY WOULD NOT NOW BE PURSUING THIS GOAL "WITH GREATER DIFFICULTIES AND WITH STILL UNFORESEEABLE CONSEQUENCE".

COMMENT: MAGALHAES PINTO'S ACTION SIGNIFICANT IN THAT IT FURTHER PROJUDICES GOVERNMENT'S EFFORTS TO ERECT POLITICALLY STRONG CABINET. MAY ALSO INDICATE MAGALHAES STILL INTENDS TO CONDITION HIS POLITICAL SUPPORT OF GOVERNMENT ON ISSUE OF INAUGURATION OF ISRAEL PINHEIRO AS GOVERNOR OF MINAS GERAIS. IF MAGALHAES INDEED PERSISTING IN LAYING DOWN SUCH CONDITIONS, IT PROBABLY REFLECTS HIS JUDGMENT THAT PRESIDENT CASTELLO BRANCO IS IN VERY WEAK POSITION AT MOMENT AND NOT WELL EQUIPPED TO RESIST SUCH POLITICAL PRESSURES ORIGINATING FROM WITHIN REVOLUTION.

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