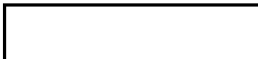


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July 17, 1974

MEMORANDUM

SUBJECT: The New Government in Portugal

SUMMARY

The new government under Prime Minister Vasco Goncalves is expected to be more responsive than its predecessor was to the Armed Forces Movement (MFA) that overthrew the Caetano regime. The new Prime Minister is a direct representative of the MFA and a principal author of the program it announced at the installation of President Spinoia. Goncalves is undoubtedly more leftist in orientation than his predecessor, who was to the right of center. We are skeptical of the allegations that he is now--or ever was--a Communist.

In the sense that the cabinet crisis has made it clear that President Spinoia himself cannot act against the wishes of the MFA, the new government may also reflect a setback for the more conservative forces represented in the previous government--with which Spinoia personally sympathizes. As for the movement itself, we continue to believe that most of its members are "idealists," without allegiance to any particular political philosophy, although it is possible that the Communists may be making some inroads on their thinking.

When he was appointed last Saturday, Prime Minister Goncalves stated that he will continue the principle of a coalition cabinet but include his military colleagues. His delay since then in announcing his choices may indicate that even his clear mandate from the MFA has not lessened the difficulty of finding a balance among the competing civilian groups and the military. The delay also portends further difficulty in coming to grips with the pressing political and economic problems that Portugal faces at home and in Africa.

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State Dept. review completed

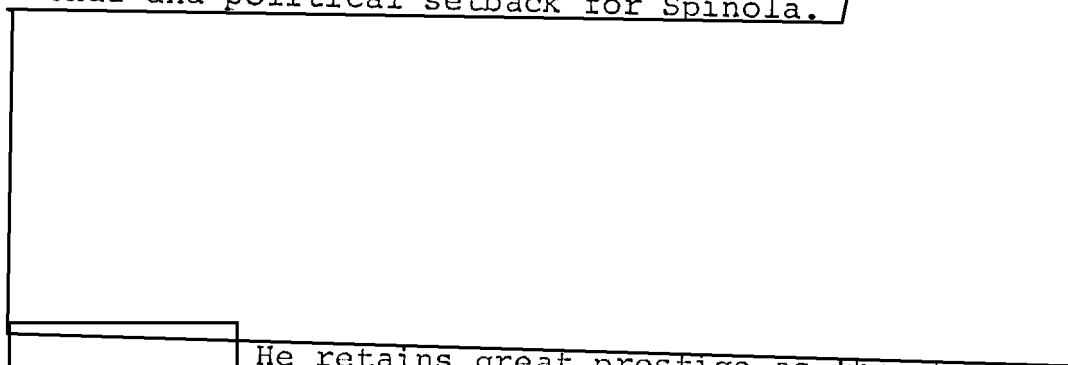
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President Spinola's Position

The MFA's choice of Colonel Goncalves is a personal and political setback for Spinola.

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He retains great prestige as the chief of state and a former war hero, and most observers believe that he would be an easy winner if an election were held now. In part for that reason, there is the suspicion that the former prime minister, Palma Carlos, was fronting for Spinola in advocating such an election. The MFA, however, saw such a "no-contest" election as a retreat from "democratization," and since its firm rejection of that proposal, Spinola has resumed affirming the "integrity" of the MFA's program.

Role of the New Prime Minister

As the chosen candidate of the movement, Colonel Goncalves will have more clout than his civilian predecessor did in dealing with the frustrating differences over economic and labor problems that stymied the Palma Carlos government. The embassy in Lisbon cautions that it would be premature, and probably an exaggeration, to interpret Goncalves' appointment as a marked turn to the left. Some observers have called him a "liberal" and the "ideologue" of the MFA. Some have gone so far as labeling him a "leftist" or "marxist," but such labels probably reflect Portugal's conservative tradition under the Salazar regime. More meaningful will be the composition of the cabinet he chooses and what it does. At the moment, Goncalves appears primarily committed to a policy of no retreat from the MFA's commitment to install a democratic system in Portugal with legislative elections next March, and the earliest possible negotiation of an end to the fighting in the African colonies.

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The Other Ministers

The first cabinet appointed by Spínola had a balanced representation of the parties that opposed the Salazar-Caetano regime, including Communists, Socialists, and the new center Popular Democratic Party; only the defense minister was a military man. Since Gonçalves has stated that the coalition principle will prevail with the addition of some military colleagues, the delay that has occurred in announcing the new cabinet may result from difficulty in making room for the military. Communist leader Cunhal and Socialist leader Mario Soares are expected to retain their portfolios along with one or more centrists. Little is known about the officers under consideration for the new cabinet, although several possible candidates have been characterized as "leftists" by sources of uncertain objectivity. In any case, all the new ministers will be attentive to the program of the Armed Forces Movement.

The Armed Forces Movement

Now that members of the Armed Forces Movement are stepping forward into the arena of government their political orientation will become more obvious. From their beginning as the "captains movement" several years ago, there have been reports of the leftist leanings of some of these officers, generally said to be in the minority. The main orientation of the movement, however, is considered to have been reformist and nationalist, and these principles likely still predominate. The leftist political movements, however, have been active in trying to gain influence in the armed forces, while centrist or conservative counterinfluences have been missing, except on the part of the more senior officers, who no longer carry much weight with their subordinates. Even if some of the leaders who are leftist-influenced gain representation in the new cabinet, this would still not necessarily mean that their political views will be those of the majority, given the spectrum of views within the MFA.

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