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November 4, 1965

Post-election Crisis and Second Institutional Act;
Views of Sub-Chief of President's Military Household.

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Transmitted herewith is a memorandum of conversation with Commander Palhares dos Santos, Sub-Chief of the President's Military Household. In this conversation Palhares confirmed previous reports to the effect that President Castello Branco came close to being overthrown during the crisis immediately following the gubernatorial elections and might well have been deposed had he refused to issue the second Institutional Act. While conceding that War Minister Costa e Silva has been unwaveringly loyal to the President during the preceding eighteen months, Palhares obviously fears that this loyal behavior may break down as the presidential succession question is approached. Palhares is also quite certain that Carlos Lacerda will resume his efforts to divide the military from President Castello Branco first by attempting to drive a wedge between the War Minister and the President and, if that fails, by attempting to turn the military against both the War Minister and the President.

Oct. 2

COMMENT: Little of the information in this memorandum is new or original. Nevertheless it does confirm previous reports and in this connection is of interest. Further, the frequency with which Palhares mentions the name of SNI Chief

Enclosure: **GROUP 3:** Downgraded at 12-year intervals; not automatically declassified.

As stated.

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Golbery do Couto e Silva suggests that his own views have been shaped by Golbery. If this is the case then what Falhares has to say about Costa e Silva takes on added significance, for Golbery is one of the key advisors to the President and, until the arrival of Juracy Magalhães, was the most important political analyst and tactician within the government.

For the Ambassador:

Lowell C. Kilday

Lowell C. Kilday
Second Secretary

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MEMORANDUM OF CONVERSATION

November 1, 1965

PARTICIPANTS: Commander João Carlos Palhares,
Sub-Chief of President's Military Household

Lowell C. Kilday, Political Officer

SUBJECT : Post-Election Crisis and Second Institutional Act

PLACE : Palacio de Laranjeiras, Rio de Janeiro

Palhares confirmed that President Castello Branco might have been overthrown during October 5 and 6 had it not been for the loyalty and steadfastness of War Minister Costa e Silva who had succeeded in holding back the disturbed military elements at the Vila Militar. Palhares said that Castello Branco might also have been deposed by a military coup led by Costa e Silva had he refused to issue the second Institutional Act.

According to Palhares the government's final estimate of its chances of securing passage of the emergency legislation measures in Congress was that the measures would carry by a slight majority. This was on Tuesday, October 27. However, Palhares said, by that time the pressures in favor of the new Act were no longer resistable; even some pro-government deputies such as Colonel Costa Cavalcanti (UDN Pernambuco), while urging approval of the emergency measures publicly, were working behind the scene to get Congress to disapprove the measures in the hope that this would force the government to take the extreme step of issuing the second Act. To preserve his own position the President finally had to recognize the contradiction of a legalistic government with a non-legalistic (i.e. military) base and decree the Act.

Palhares felt confident that the government would now be able to resist further military pressures arising over the inauguration of the Negreão de Lima government, the use of the President's power of cassations, etc. He said that already "hard line" elements within the military were submitting large lists of persons whose rights they wanted to have cancelled, but that the government was not planning to take action to satisfy these elements. He indicated

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however that such "hard line" initiatives were an annoyance to the major figures of the administration at a time when they were completely occupied attempting to draw up new rules on political parties, to reform the President's cabinet, and in general to sketch out a line of action for the government in the new situation which had been created by the second Institutional Act.

Palhares felt that while minor crises would continue to arise, the next major crisis situation would probably be created by the presidential succession problem. He said that he feared the effect of a power struggle within the government. In this connection he commented that while Costa e Silva had been unswervingly loyal to the President during the preceding eighteen months and particularly during the crisis of October 5 and 6, he wondered whether Costa e Silva would retain this attitude. Recalling that Costa e Silva had been known as the only Brazilian general capable of calling the troops into the streets, while President Castello Branco was said to be the only one capable of calling them back from the streets into the barracks, he said that this description probably no longer applied. He felt that Costa e Silva had strengthened himself considerably in the Army during past weeks. On the other hand, he said, one factor of security for the President's position was that some other leading Army commanders did not endorse Costa e Silva's presidential ambitions and would resist any extraordinary bid for power by the War Minister.

Palhares said that the government planned no action against Carlos Lacerda for the moment. He said that Lacerda had been "put in his place" by War Minister Costa e Silva during their October 30 meeting, and that if Lacerda stayed there nothing would be done against him. If he returned to his position of opposition to the government, Palhares said, the government would have to use the powers of the Act against Lacerda. Palhares said that his personal view was that Lacerda would maintain a discreet attitude for the time being but would return to his tactic of trying to turn the military against the President. He said that just prior to the election Lacerda had sent a "hard line" colonel from the Vila Militar to attempt to persuade Costa e Silva to lead a golpe against the President. The colonel called the War Minister during the early hours of the morning but the War Minister refused the meeting, saying he would not receive colonels at his home and would not receive emissaries of Lacerda. In Palhares' opinion this rebuff led Lacerda to attack the War Minister in his speech of October 7. Nevertheless, Palhares thought Lacerda would still try to divide the military against the President by working on the War Minister,

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and only if this failed would he appeal to the military to turn against the War Minister and the President. Palhares was certain that Lacerda would exploit "hard line" issues in attempting to recreate his military base.

Palhares thought that Castello Branco himself was passing through a crisis of conscience. He said that the President personally found the new Act to be repugnant and completely contrary to his own formation, basic beliefs, and convictions. While he accepted the issuance of the Act as a necessary step he really did not want to be associated with it. This helped to explain why the President insisted that his ineligibility to succeed himself be written into the Act and why the date for the election of his successor had been left flexible. Palhares thought that inclusion of the provision of Castello Branco's ineligibility was a major error because it weakened the position of the President and relieved him of a major bargaining tool in resolving the succession question. The flexible date for the election, however, could be used as an instrument to counter the pressures of the "hard line" for even the "hard liners" feared what might happen if the President were to leave office prematurely.

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