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AmConGen SAO PAULO

November 19, 1965

Estimate of Impact on Sao Paulo of Second
Institutional Act

In the opinion of one seasoned Sao Paulo observer, the Second Institutional Act is not likely to cut short the terms of office of two controversial Sao Paulo political figures, Governor Adhemar de Barros and the Second Army Commander, General Amaury Kruel. The observer is Theodoro Quartim Barbosa, a 69-year-old banker and civic leader who is not committed to any of Brazil's political parties or lines and whose only noticeable bias is one of long-term optimism. His views are outlined in the attached Memorandum of Conversation.

Act. 2

Niles W. Bond
Minister Consul General

Attachment:

Memorandum of Conversation

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POL: RReynolds:nm

William L. Wight, Jr.

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MEMORANDUM OF CONVERSATION

DATE : November 10, 1965

PLACE : Grande Hotel Ca D'Oro, Sao Paulo

PARTICIPANTS: Theodoro Quartim Barbosa
Robert Reynolds, Political Officer

SUBJECT : Estimate of Impact on Sao Paulo of Second
Institutional Act

Theodoro Quartim Barbosa is a Sao Paulo banker, fazendeiro, former State deputy (1935-1937), and civic leader. For the past half-century or so, he has followed national and local politics closely and has known most of the protagonists personally. The Consulate General occasionally asks for his views on the current situation. The following paragraphs summarize a recent conversation with him. The opinions are all his, but they do not differ appreciably from those gathered by other Consulate General officers in similar soundings.

Quartim Barbosa said that neither Governór Adhemar de Barros nor General Amaury Kruel is likely to lose his job prematurely as a result of the issuance of the Second Institutional Act on October 27, 1965.

The present would be a poor time for the federal government to create new problems for itself by intervening in Sao Paulo State affairs, as President Castello Branco and War Minister Costa e Silva are well aware. Hence their probable course will be to resist pressures from "hardlining" military officers for de Barros's removal and to let him finish out his term of office. This could run until early 1967, unless Adhemar persists in his announced intention to run for president, in which case he must resign before the election. Meanwhile there is a good likelihood that the president will impose on the governor one or more key State cabinet changes as a means of mollifying the "hardline."

This procedure for dealing with de Barros would resemble that which the president has used to curtail the power of another target of the "hardliners"--Second Army Commander Kruel.

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By assigning as staff officers and as commanders of major Second Army units men loyal to himself, Castello Branco has neutralized Kruel without having to take the disagreeable step of removing him from command.

While it is thus unlikely that the Act will be used against either de Barros or Kruel, it has nevertheless been well received by many Paulistas who wanted to hear a reassertion by the president of his punitive powers over political mischief-makers. Among others who have never identified themselves with either the old Goulart regime or any of the revolutionary lines, reaction to the Act has in general ranged from approval to apathy. Few see in it any threat to their own civil liberties; rather they view it as a measure aimed purely at the politician class, and they are not alarmed over the discomfiture of this class.

With regard to the regrouping of these politicians, now that their parties have been dissolved by the Act, it would not be surprising to see three new parties emerge. One would become the traditional "situacionista," or pro-administration party, filling the pre-revolutionary role of the PSD. A second would make up the perennial opposition, a part often played previously by the UDN. A third party would reserve for itself the right to be for or against the administration, as circumstances dictated. (This speculation had a little of the tongue-in-cheek element to it, but not much.)

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