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Brazil
a country study

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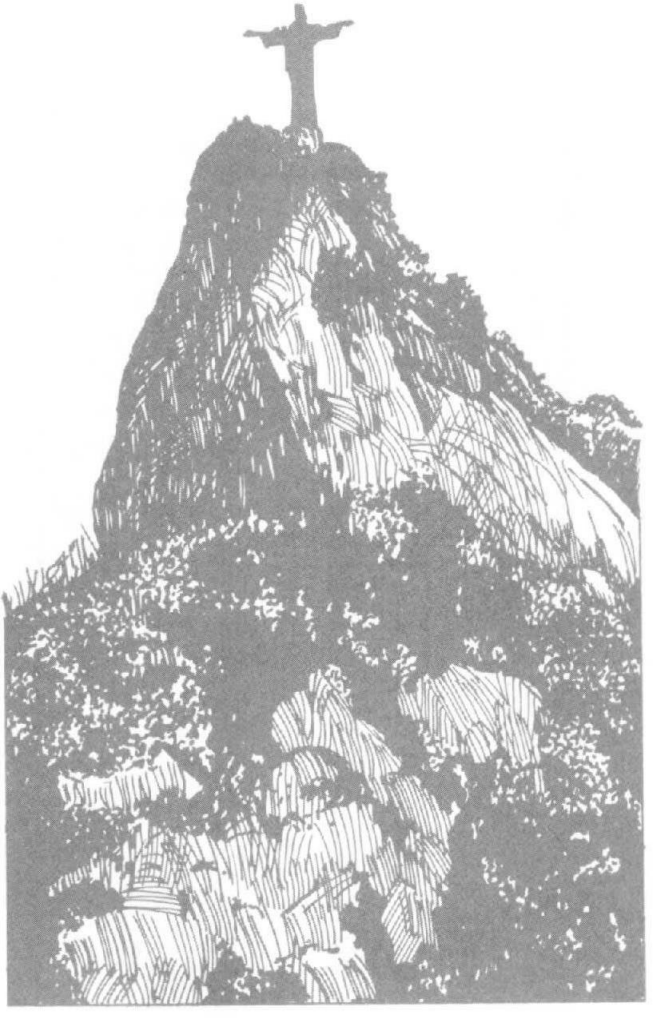

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Foreword

This volume is one in a continuing series of books prepared by the Federal Research Division of the Library of Congress under the Country Studies/Area Handbook Program sponsored by the Department of the Army. The last page of this book lists the other published studies.

Most books in the series deal with a particular foreign country, describing and analyzing its political, economic, social, and national security systems and institutions, and examining the interrelationships of those systems and the ways they are shaped by cultural factors. Each study is written by a multidisciplinary team of social scientists. The authors seek to provide a basic understanding of the observed society, striving for a dynamic rather than a static portrayal. Particular attention is devoted to the people who make up the society, their origins, dominant beliefs and values, their common interests and the issues on which they are divided, the nature and extent of their involvement with national institutions, and their attitudes toward each other and toward their social system and political order.

The books represent the analysis of the authors and should not be construed as an expression of an official United States government position, policy, or decision. The authors have sought to adhere to accepted standards of scholarly objectivity. Corrections, additions, and suggestions for changes from readers will be welcomed for use in future editions.

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Special thanks are owed to Marty Ittner, who designed the cover and the illustrations of the title page of each chapter. The inclusion of photographs in this study was made possible by the generosity of various individuals and private and public agencies. The authors acknowledge their indebtedness to those who provided original work not previously published.

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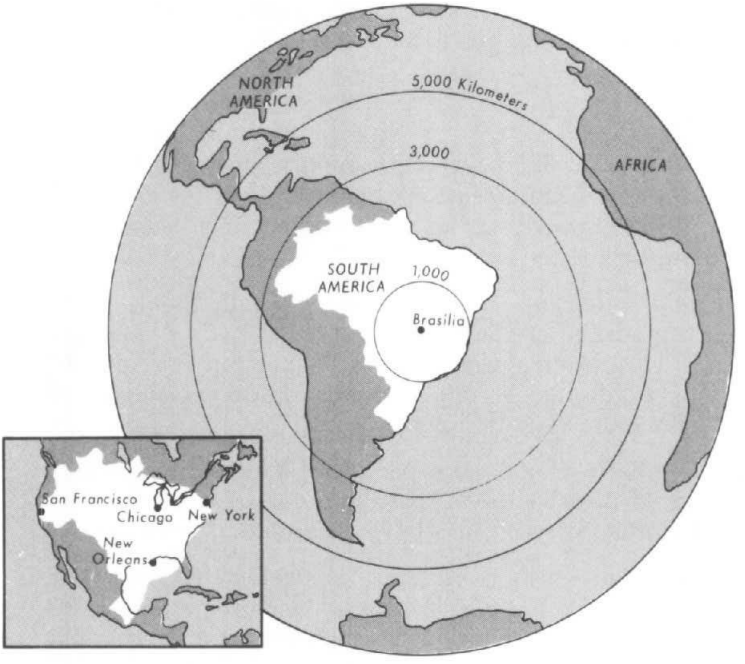
Preface

On November 15, 1982, an overwhelming majority of eligible Brazilian voters participated in elections to select state governors, members of the bicameral legislature, hundreds of mayors, and thousands of local council members. Although the government party retained control of the body that in 1984 will elect the next president, the opposition parties scored significant victories. The elections were the first held since the military seized power in 1964 and were a critical part of the process of increased political participation—known as *abertura*—to which President João Baptista de Oliveira Figueiredo seemed to be committed. In the aftermath of the elections, however, the government and the people continued to confront perhaps the worst economic crisis in the nation's history.

Brazil: A Country Study replaces the *Area Handbook for Brazil* published in 1975. Like its predecessor, the present book is an attempt to treat in a compact and objective manner the dominant historical, social, economic, political, and national security aspects of contemporary Brazil. Sources of information included scholarly books, journals, and monographs; official reports and documents of governments and international organizations; foreign and domestic newspapers and periodicals; and interviews with individuals with special competence in Brazilian affairs. Relatively up-to-date economic data were available from several sources, but the sources were not always in agreement.

Chapter bibliographies appear at the end of the book; brief comments on some of the more valuable sources for further reading appear at the conclusion of each chapter. Measurements are given in the metric system; a converison table is provided to assist those who are unfamiliar with the metric system (see table 1, Appendix). The Glossary provides brief definitions of terms that may be unfamiliar to the general reader.

Country Profile



Country

Formal Name: Federative Republic of Brazil (República Federativa do Brasil).

Short Form: Brazil.

Term for Citizens: Brazilian(s).

Capital: Brasília.

Geography

Size: Approximately 8,511,965 square kilometers—fifth largest in world and encompasses almost half of South American continent.

Topography: Landmass dominated by Amazon Basin and Central Highlands. Amazon drainage system by far largest in world. Principal mountain ranges parallel Atlantic coast.

Climate: Equatorial climate characteristic, although heat and humidity not extreme. Moderate climatic conditions in plateau regions, and frosts and occasional snow in South.

Society

Population: Census of 1980 recorded slightly over 119 million; annual rate of growth estimated 2.47 percent in early 1980s, and population late 1982 nearly 125 million, making Brazil sixth most populous country in world.

Education and Literacy: Education theoretically compulsory through eight grades of primary level, but majority drop out after fourth grade. Government claims some 75 percent of those 10 years of age and older are literate, but most observers suggest 40 percent literacy more realistic figure.

Health and Welfare: Health care personnel and facilities generally concentrated in urban areas; care in rural areas confined to understaffed clinics operated mostly by paramedical personnel.

Language: Portuguese, official language, spoken by all but a few Amerindians, who retain their languages, and immigrants who have not yet acquired proficiency in Portuguese. English, French, and Spanish second languages among business elite and small upper class.

Ethnic Groups: Although majority racially mixed, government uses figures of 55 percent white, 38 percent mixed, and 6 percent black; Indians, Asians, and others make up the remainder.

Religion: Estimated 90 percent baptized Roman Catholic, making Brazil largest Catholic country in world. Substantial number also participate in Afro-Brazilian cults. Protestants, especially of evangelical sects, increased dramatically during 1960s and 1970s.

Economy

Gross National Product: Equivalent of US$250 billion in 1981, about US$2,000 per capita in a year of recession. Economy had sustained rapid growth since 1940s, but by early 1980s balance of payments constraints required contraction and austerity for near future.

Agriculture: Contributed 10 percent of gross domestic product (GDP) in 1980. Main crops: manioc, beans, and corn for domestic consumption; coffee, sugarcane, soybeans, cotton, and oranges for export and domestic use.

Industry: Contributed 38 percent of GDP in 1980. Industrialization increased rapidly after 1940s. By 1980s produced most industrial items, including custom-built machinery, airplanes, automobiles, and military equipment. Large mineral deposits, except oil and coal, being exploited—partly for export. In 1980 produced nearly 13 million tons of pig iron, 15 million tons of crude steel, and 27 million tons of cement.

Exports: US$23.3 billion in 1981. Over half manufactured goods, including processed agricultural commodities, such as sugar, instant coffee, and soybean oil. Exports of machinery, vehicles, other consumer durables, and military equipment growing.

Imports: US$22.1 billion in 1981, of which US$11 billion was fuel (essentially crude oil). Dependent on imports for 75 percent of petroleum supply. Imported wide range of intermediate products, such as chemicals and metals. Imported capital goods significant. Wheat main consumer import.

Balance of Payments: Deteriorated in 1982 and required emergency aid. Large foreign debt. Debt service will impose payment constraint at least to mid-1980s, requiring period of austerity.

Exchange Rate: Averaged 93.12 cruzeiros per US$1 in 1981. Cruzeiro frequently devalued by small amounts.

Fiscal Year: Calendar year.

Rate of Inflation: 110 percent in 1980 and 95 percent in 1981.

Transportation and Communications

Transportation System: Integration of various parts of country started only since 1940s. In 1982 large areas remained inaccessible. Road network most developed but maintenance a problem. In late 1970s about 70 percent of domestic freight and over 90 percent of passenger traffic moved by highway; rail freight about one-sixth of total. Coastal and inland shipping accounted for most of remainder. Air flight necessary to reach many outposts in reasonable time.

Railroads: About 24,600 kilometers, of which 22,450 kilometers meter gauge (1.0 meter); 1,750 kilometers 1.6 meter gauge; 200 kilometers standard gauge (1.4 meters); and 200 kilometers 0.76 meter gauge. About 1,000 kilometers electrified. Rail lines mostly built before 1920s to move exports to ports. No national system. Over 80 percent of rail lines in South and Southeast link major

areas and adjoining countries. In 1978 total rail freight 64 billion ton-kilometers, less than half of which carried by government railroads. Iron ore main cargo on private lines.

Roads: About 1.4 million kilometers, of which 83,700 kilometers paved and rest gravel or dirt. Federal highway system about 5 percent of total, state roads 8 percent, and remainder municipal roads or dirt tracks. About 60 percent of federal roads paved, forming base of interstate system under construction. Brazil borders all but two South American countries, but only in southern regions are links to adjoining countries adequate; in North and Center-West roads to adjoining countries barely passable or only planned.

Inland Waterways: Some 50,000 kilometers navigable. Main form of transportation in many parts of Amazon Basin. In 1978 about 10 percent of freight carried by coastal and inland shipping.

Ports: Eight major and 23 minor ports of significance.

Pipelines: Approximately 2,000 kilometers for crude oil, 465 kilometers for refined products, and 257 kilometers for natural gas. In 1978 pipelines accounted for nearly 3 percent of total freight traffic.

Airfields: 3,633 rated usable, and about 1,100 more rated possible, presumably meaning subject to weather and other conditions; 220 had permanent surface on runways. Only one runway over 3,659 meters, 17 with runways between 2,440 and 3,659 meters, and 412 fields with runways between 1,220 and 2,439 meters.

Communications: Good radio and fair telecommunications systems. Ten domestic satellite stations and one international satellite, plus two coaxial submarine cables for international traffic. About 6.5 million telephones, approximately five per 100 of population.

Government and Politics

Government: 1967 Constitution, extensively amended, in force in 1982. Formally a federative republic, although central government increasingly dominates governments of 23 states, three territories, and Federal District (which contains capital, Brasília). Central government power concentrated in president, 21-member cabinet, and a number of executive agencies. Bicameral legislature (69-member Senate and 479-member Chamber of Deputies) relatively weak. Independent judiciary headed by Supreme Federal Tribunal. State governments headed by governors, with unicameral state assemblies and independent judiciaries. Some 4,000 local governments headed by mayors (or prefects) and contain

quasi-legislative local councils and local courts.

Politics: Military-dominated system undergoing process of gradual liberalization toward civilian-dominated liberal democracy (popularly known as *abertura*). Popular elections in 1982 for governors, senators, deputies, state assemblymen, most mayors, and local councilmen. Indirect presidential election (by electoral college) scheduled for 1984. Two dominant political parties: government Democratic Social Party (Partido Democrático Social—PDS) and opposition Brazilian Democratic Movement Party (Partido do Movimento Democrático Brasileiro—PMDB). Political participation by interest groups limited but growing under *abertura*. In 1982 military and technocratic elite remained dominant.

Foreign Relations: Traditionally United States oriented, but increasingly diverse pragmatic policy orientation; often cast as a leader of Third World. Foreign policy dominated by trade concerns. Highly active and professional Ministry of Foreign Affairs popularly known as Itamaraty.

International Agreements and Memberships: Party to Inter-American Treaty of Reciprocal Assistance (Rio Treaty), though to neither Treaty of Tlatelolco nor Treaty on the Non-Proliferation of Nuclear Weapons. Memberships in international organizations many and varied: United Nations and specialized agencies, Organization of American States and specialized agencies, Latin American Integration Association, other regional trade and cooperation organizations, international commodity agreements, and multilateral lending institutions.

National Security

Armed Forces: Total strength in 1982 about 273,000—army, 183,000; navy, 47,000; and air force, 43,000. Conscripts numbered 134,000; slightly under 2,000 in navy, remainder in army. Conscript tour, one year; most serve only nine or 10 months. Women not conscripted.

Military Units: Four field armies and two territorial commands covered entire country, subdivided into 11 military regions. Combat units included eight divisions, five independent brigades, and five jungle units of varying size. Navy, operating through six naval districts and one fleet command, built its combat capability around one aircraft carrier, six frigates, 12 destroyers, eight submarines, and several patrol craft. Naval air capability restricted to helicopters. Air force flew about 600 aircraft in five operational commands—Air Defense, Tactical, Maritime, Transport, and Training—deployed in six air districts. Air force pilots flew carrier-based, fixed-wing aircraft.

Equipment: Aging armaments of United States origin being replaced by thriving indigenous arms industry. Small arms and ammunition, armored vehicles, planes, and ships produced locally. Brazilian weapons and equipment appearing in substantial quantities in armed forces of other Latin American countries as well as in Africa and Middle East. Projected acquisitions for scheduled modernization program of 1980s included armored vehicles for army, corvettes for navy, and combat aircraft for air force.

Police: Department of Federal Police (numbering about 185,000), countrywide police force, engaged in investigation and apprehension of criminals and prevention of crime. Military Police, nominally under state supervision but actually controlled by Ministry of Army, provided militarized police force throughout country and constituted well-trained paramilitary force available to federal authorities.

Figure 1. States and Territories, 1982

Introduction

BRAZIL IN THE EARLY 1980s remained a land of vast ethnic and regional diversity and startling geographic and socioeconomic contrasts. Encompassing almost half the South American continent and bordering every South American country except Ecuador and Chile, Brazil ranks as the fifth largest nation in the world, exceeded only by the Soviet Union, China, the United States, and Canada. Its population in early 1983 was about 125 million—sixth largest in the world—and because approximately 90 percent of all Brazilians are Catholics, it is the largest Roman Catholic nation in the world. It is the only Portuguese-speaking Latin American state, and its Luso-Brazilian culture differs in subtle ways from the Hispanic heritage of most of its neighbors. During the late nineteenth and early twentieth centuries, millions of Italians, Germans, Slavs, Arabs, Japanese, and other immigrants entered and in various ways altered the dominant social system, but their descendants are nearly all Portuguese-speaking Brazilians. For example, *Diário Nippak*, a São Paulo newspaper directed to the large Japanese-Brazilian community of that city, is published in Portuguese (see Ethnic Patterns, ch. 2).

The nation's economic base is equally varied. In the early 1980s Brazil produced more sugar than any other nation and was by far the largest producer of alcohol, mostly from sugarcane (see Energy, ch. 3). It was the third largest exporter of agricultural commodities—both raw and processed—ranking first in coffee and orange juice concentrate, second in cocoa and soybeans, and fourth in sugar and bulk tobacco (see Agricultural Exports, ch. 3).

This large agricultural sector nevertheless constituted only 10 percent of the gross domestic product (GDP) in 1980, whereas industry contributed 38 percent. Only four industrialized countries had as large a share of GDP contributed by industry, and only eight developed nations exceeded the absolute value of Brazil's industrial output. Its steel and chemical industries were, respectively, the tenth and seventh in the world, and in 1982 Brazil achieved sixth place in the export of military equipment (see Defense Industry, ch. 5). Its earnings from military exports reportedly reached US$2.4 billion in 1982, roughly 10 percent of all export earnings. And several Brazilian firms were competing successfully in the world market in sales of commercial aircraft, computers, and other high technology items and in a wide range of construction projects. Exports of transportation equipment, for example, increased from US$8 million in 1965 to US$2 billion in 1981.

The country possesses a wealth of natural resources. It has one of the largest forest reserves in the world, and its vast river systems not only serve as a transportation network but also

provide an enormous potential energy source. The world's largest hydroelectric project—the Itaipu Dam, located on the Rio Paraná on the border between Brazil and Paraguay—was scheduled to enter operation in late 1983 (see fig. 3). Additional generators scheduled for installation in the late 1980s will give the project a capacity of 12.6 million kilowatts (see Energy, ch. 3).

Brazil's iron ore deposits were the second largest in the world, and its bauxite and manganese deposits were reputed to be among the largest. In addition to what may be the world's largest gold deposit, the country contains extensive deposits of tin, lead, nickel, chromite, beryllium, copper, and a wide variety of other minerals (see Mining, ch. 3).

The country was seriously deficient, however, in one critical resource: fossil fuels. Its coal reserves, about 22.8 billion tons, consisted for the most part of low-quality coal that required costly processing before use, and more than half the coal mined was lost in processing. The proven oil reserves were small, as were those of natural gas. In 1981 the country required about 1 million barrels of oil per day, and about 75 percent of that requirement had to be imported at a cost of approximately US$11 billion, roughly 50 percent of the total import bill.

Until the 1970s oil imports had not posed a serious problem to the economy. In 1973, however, the Organization of Petroleum Exporting Countries (OPEC) achieved an increase in the unrealistically low prices for oil on the world market, and the increase contributed to the abrupt slowdown of Brazil's "economic miracle," which had started in the late 1960s (see Growth and Structure of the Economy, ch. 3). When in 1979 OPEC again sharply raised world oil prices, Brazil's economy was severely damaged. Brazil has historically experienced balance of payments difficulties, and the new huge payments for imported oil soon created crisis conditions. The government adopted various remedial measures, such as seeking to reduce imports, but it also increased its already high level of foreign loans (see Balance of Payments, ch. 3). Significant increases in international interest rates in the late 1970s and early 1980s literally compounded Brazil's problems. Net interest payments on the foreign debt grew from US$124 million in 1970 to US$6 billion in 1980 and US$9.2 billion in 1981. The increasing reluctance of international bankers to advance new loans to Brazil (and other nations with large debts) and the less than anticipated increase in the country's exports because of a widespread recession in many parts of the world created a payments crisis in late 1982. Only through emergency aid was default on current obligations avoided.

On December 1, 1982, during a visit to Brazil, President Ronald Reagan announced the provision of US$1.2 billion in United States Treasury funds for three months; Brazilian officials immediately used this to pay debts due. Additional short-term

bridging loans were arranged with various international banks. United States and International Monetary Fund (IMF) officials encouraged large banks to put together the necessary funds to cover Brazil's immediate foreign exchange crisis. In addition, Brazil applied for and received IMF approval for US$1.1 billion of IMF funds under its compensatory financing facility and US$4.9 billion of IMF funds over three years under its extended fund facilities. Drawings on these loans started in early 1983.

On December 30, 1982, Brazilian officials notified foreign creditors that payments on the principal of the country's external debt coming due in 1983 would be suspended. Technically, the suspension covered only the early months, but it was generally understood that the suspension would apply to the whole year. In effect Brazil avoided defaulting on its foreign obligations but forced a rescheduling of amortization payments; the suspended principal payments became payable over eight years with a two-and-one-half-year grace period, i.e., to mid-1985. Interest payments, reportedly a little over US$10 billion in 1983, would be made, but only if international bankers rolled over US$4 billion in short- and medium-term debts due in 1983, advanced US$4.4 billion in new loans, continued about US$8.8 billion in short-term trade-related financing, and restored credit lines of foreign branches of Brazilian banks to the level of mid-1982. In early 1983 Brazilian officials reported foreign bank commitments for nearly the whole year's credit needs. At the end of 1982 some observers concluded that Brazil's short- to long-term external debt amounted to about US$80 to US$83 billion, including a short-term debt of US$11 billion reported by the Central Bank of Brazil. Other officials indicated that the short-term debt was around US$16 to US$19 billion, making the total external indebtedness around US$90 billion.

The use of the IMF's extended fund facilities required examination and approval of Brazil's economic program by IMF officials. The main outlines of Brazilian policy for 1983 were announced after meeting with IMF officials. Growth of the GDP was expected to be only about 1 to 2 percent compared with probably zero growth in 1982. A consolidated federal budget was to be used to reduce spending, particularly investments by public sector entities. The public sector deficit was to be reduced to about 3.5 percent of GDP in 1983 compared with about 6.5 percent in 1982. Prices of electricity, steel products, and public services were to be increased substantially. By December 1983 inflation was to be reduced to about 70 percent above December 1982, compared with about a 95 percent increase during 1982.

Goals for the balance of payments in 1983 included a surplus of exports over imports of about US$6 billion. Frequent small devaluations of the exchange rate were to be greater than the rate of inflation to stimulate exports, but the trade surplus was to be achieved largely through the tight controls to reduce imports. The

trade surplus would permit a reduction of the current account deficit from about US$14 billion in 1982 to below US$7 billion in 1983. These goals were based on the expectation that Brazil realistically would only be able to increase foreign borrowing by about US$10 billion in 1983 compared with about US$17 billion in 1982. Many observers thought that the government's balance of payments projection for 1983 was optimistic.

Although the program agreed to by Brazilian and IMF officials for 1983 was largely that adopted by Brazil before seeking IMF loans, it imposed considerable austerity on the economy following difficult years in 1981 and 1982. Observers believed that reduced public investment and cutbacks in imports would adversely affect industry. Moreover, economists expected the balance of payments constraints to require continued economic asceticism through the mid-1980s. If the structure of the economy and international conditions have not changed sufficiently by then, the grace period in debt rescheduling would have expired, and officials would confront additional debt service burdens.

The government's somber measures, particularly the phasing out of numerous direct and indirect subsidies in the 1983–85 period, will worsen the plight of the majority of the population for at least the short term. Relatively few Brazilians have derived significant direct benefits from the recurrent economic "booms," but most have suffered from the ensuing "busts." In the early 1980s income distribution remained skewed to the small middle and upper classes. In a 1978 review of post-1964 economic programs and their attendant social costs, analyst Peter Flynn concluded that the allocation of resources had gone "not to the weaker and poorer sections of Brazilian society, but rather to the middle and upper classes, with the distribution of wealth worsening over the years, both between classes and between regions, the rich becoming richer, the poor, poorer." In 1960 the top 5 percent of the economically active population secured nearly 28 percent of the national income, whereas the bottom 50 percent garnered less than 18 percent. According to E. Bradford Burns, by 1980 approximately 40 percent went to the top 5 percent, but less than 12 percent went to the bottom 50 percent.

The data on income distribution were consonant with other social indicators. In the early 1980s some 60 percent of all adults were illiterate, and about the same percentage of the total population were malnourished. In the state of Rio de Janeiro fully one-third of the citizens lived in slums and shantytowns known as *favelas*. In the city of São Paulo and its expanding suburbs—Greater São Paulo—an estimated two-thirds of the residents live in *favelas*. Between 1961 and 1975 infant mortality in Greater São Paulo increased from 61 per 1,000 live births to 95 per 1,000. Yet living conditions in São Paulo—the largest South American metropolis—were on the whole better than in such chronically

depressed areas as the Northeast (see fig. 1). The São Paulo archdiocese estimated in 1982 that nationwide about 40 percent of all youngsters under the age of 18 either had been abandoned or were living in conditions of severe deprivation. The reduction or elimination of subsidized prices for food staples and fuel, as examples, could be catastrophic for those whose existence was already marginal (see Urbanization, ch. 2).

It was difficult in early 1983 to foresee what consequences the grim economic situation might have on the process of political liberalization—known as *abertura*—that had been under way since the mid-1970s. Some observers speculated that the military government headed by President João Baptista de Oliveira Figueiredo might feel compelled to retain power and responsibility until the economy improved. Other observers opined that the prospect of economic bad news for much of the late 1980s might prompt the military to return power to civilians. The popular elections held in November 1982 were an essential element in the process of phasing out the military dictatorship and reinstituting a liberal democratic system. The two major parties in the election were the government Democratic Social Party (Partido Democrático Social—PDS) and the opposition Brazilian Democratic Movement Party (Partido do Movimento Democrático Brasileiro—PMDB). The electorate selected senators, all members of the Chamber of Deputies, governors, members of the state legislatures, mayors, and members of city councils. The PDS ended up with 46 seats in the Senate, exactly two-thirds of the membership of that body, and 234 seats in the Chamber of Deputies. The PMDB ended up with 21 seats in the Senate and 200 seats in the Chamber of Deputies. The PDS failed to secure an absolute majority in the Chamber of Deputies but retained control of the electoral college—to consist of all members of Congress and six members selected by and from each of the 23 state legislatures—that will elect Figueiredo's successor in October 1984 (see Elections under Military Rule, ch. 4). In other words, if the military government retains control of the PDS at the time of the 1984 election, it can either remain in power or allow the resumption of civilian rule.

Even should the armed forces "return to barracks" in 1985, it would not mean that the military had renounced participation in political affairs and had abdicated its position as the society's most influential political interest group. The armed forces have frequently intervened in political affairs, and until the 1964 coup those interventions had evoked general public support and had been viewed as constitutionally sanctioned. The establishment of the republic in 1889 was triggered by a military uprising, and military leaders—meaning for the most part senior army generals— played decisive roles in the formation of a dictatorship by Getúlio Vargas beginning in 1930 and the termination of that dictatorship in 1945 (see The First Republic; The Vargas Era, 1930–45; The Interregnum, ch. 1).

During the immediate post-World War II period, the military elite formulated the notion that national security, which was their

primary concern, entailed not simply the protection of the nation's borders and coasts from invaders but also included a concern with economic development, internal security, and the general well-being of the society. These ideas became the focus of study at the Superior War College (Escola Superior de Guerra—ESG), which was founded in 1949. Its founders anticipated that the ESG would perform "the functions of the U.S. Industrial College of the Armed Forces and the National War College" but would place an "emphasis on internal aspects of development and security" far beyond that of the American military schools. According to specialist Alfred Stepan, a 1963 decree stipulated that the ESG would "prepare civilians and military to perform executive and advisory functions especially in those organs responsible for the formulation, development, planning, and execution of the politics of national security." By 1983 virtually all senior military officers and numerous influential civilians had attended the ESG and continued to participate in ESG-sponsored lectures and symposia, and the school remained one of the more influential institutions in the country.

In common with his four military predecessors, President Figueiredo entered office as a four-star general who had excelled in the army's rigorous merit system, including completion of the course at the ESG. Although relatively little is known publicly about the procedure, his elevation to the presidency followed politicking within the armed forces hierarchy, particularly among the members of several interlocking military bodies. One such body was the Army High Command, which was composed of the 10 four-star generals on active duty (see Army, ch. 5). Four of the members were the commanding generals of the four field armies; also included were the minister of the army, the chief of the Armed Forces General Staff (Estado-Maior das Fôrças Armadas—EMFA), the army chief of staff, and the chief of the National Intelligence Service (Serviço Nacional de Informações—SNI). (Figueiredo's position immediately before assuming the presidency had been chief of the SNI, and President Emílio Garrastazú Médici had also held the post before serving as president from 1969 to 1974. In early 1983 General Octávio Aguiar de Medeiros was serving as SNI chief.)

Another small but powerful body was the High Command of the Armed Forces (Alto-Comando das Fôrças Armadas), which by law is to counsel the president on matters "related to military policy and the coordination of subjects pertinent to the Armed Forces." Its members consist of the chief of staff of the armed forces, the three service ministers, and the three service chiefs of staff. In 1969 the High Command in effect selected the next president. It conducted an informal poll of officers down to and including colonels and navy captains and then decided on Médici.

The National Security Council (Conselho de Segurança Nacional—CSN) includes the president as chairman, the members of his cabinet, the chief of EMFA, the three service chiefs of

staff, and the vice president. Some observers believed that the CSN was so large as to be unwieldy and that Figueiredo relied more heavily on informal and ad hoc meetings with various members of the High Command and the Army High Command. The first among equals within his cabinet seemed to be Antônio Delfim Netto, the minister-chief of the Planning Secretariat of the Presidency and the so-called economic czar. General Medeiros as chief of the SNI was a key member of the cabinet, as was Brigadier General Rubem Carlos Ludwig, chief of the Military Household (Casa Militar) and as such a key liaison to the military leaders.

The presence of military officers throughout the federal government and in the 23 states and three territories remained conspicuous. An army general headed the 185,000-man federal police force, and active-duty army officers served at various levels. Army officers also commanded many of the state police forces, and active or retired officers headed numerous autonomous or semiautonomous government agencies (see Federal Police; State Police; Economic and Social Rule, ch. 5).

In addition to its traditional role as moderator of political strife and its pervasive presence and influence throughout society, which may be expected to continue, the military elite will probably remain influential because of the weakness of the nation's political parties and interest groups. Regional and national politics traditionally have centered on individuals rather than on party platforms (see Interest Group Politics, ch. 4). This apparently remained true in the 1982 elections. Despite the expanding role of numerous government agencies in responding to public needs, the heritage of paternalism—popularly known as *coronelismo*—remained strong, especially in rural areas (see Rural Society, ch. 2). Groups that represent huge and often overlapping segments of society—such as labor, urban migrants, and Afro-Brazilians—have experienced only occasional and local success in achieving their goals of social and economic equity (see Afro-Brazilians, ch. 2). It nonetheless seemed certain that during the 1980s they would intensify their efforts to gain increased political participation and larger economic rewards.

February 1983

* * *

The period from February to mid-September was one of continuing national crises and regional disasters. Parts of the South and of the southern reaches of the Center-West experienced unprecedented rainfall and flooding, and the Northeast entered the fifth year of the most devastating drought in over a century.

In August the governor of Ceará, a state in the Northeast, reported that an estimated 25 percent of all infants were dying of malnutrition or starvation before they reached one year of age and that the mortality rate could reach 40 percent within a matter of weeks. The economy entered its fourth year of the most severe depression in over half a century. In April hungry and unemployed people rioted in the streets of São Paulo and Rio de Janiero, and during the first week of September crowds of slum dwellers in Rio raided and looted more than 50 food stores.

In May the IMF declared that because Brazil had failed to adhere to the terms of the austerity program that it had adopted as the quid pro quo for US$4.9 billion of IMF loan funds, Brazil could no longer draw from that account. By July inflation was running at over 127 percent, and the government's deficit was 26 percent above the level Brazil had agreed on with the IMF. An IMF team visited Brasília to impress on government officials the necessity of implementing a rigid austerity program in exchange for a resumption of IMF loan funds. Commercial banks in the United States and Western Europe announced that they would extend no additional credit unless Brazil and the IMF reached an accord. Despite these clear warnings, or perhaps as a result of them, numerous prominent Brazilians both in and out of the government urged that Brazil declare a moratorium on all loan payments. Vice President Antônio Aureliano Chaves de Mendonça, viewed by many as a possible government party candidate in the 1984 presidential election, called for at least a temporary moratorium, and Celso Furtado, a Brazilian professor of economics at the Sorbonne and adviser to the opposition PMDB, declared that Brazil was already "in a tacit moratorium, and that's the worst kind because the terms are being set by the creditors."

The IMF nevertheless continued to apply pressure for an austerity program to be spelled out in a new "letter of intent" that Brazil would have to sign before IMF and other loan funds would become available. On September 2 Carlos Langoni, the governor of the Central Bank of Brazil, resigned because he believed that Brazil would not be able to meet the terms insisted on by the IMF. In his letter of resignation, Langoni declared that it was "essential that the new Letter of Intent mirror the necessary balance between external credibility and internal viability."

On September 15 Brazilian officials signed the letter of intent and thereby became eligible to resume drawdowns on the IMF loan fund. The following week Brazil's commercial creditors were scheduled to meet in New York under the chairmanship of Citicorp in an effort to pull together a loan package of US$7 billion. By early September Brazilian and foreign experts had concluded that Brazil needed US$11 billion to carry it from October 1983 through December 1984. US$7 billion of that amount had to come from commercial sources, but many bankers

doubted that any more than US$6 billion would be available.

Many observers also doubted that the government of Brazil would be able to comply with the austerity measures in the face of fervent public opposition. In addition to lowering or removing subsidies for various food items and other staples, the program provided that pay raises must not exceed 80 percent of cost-of-living increases from inflation. The masses were fiercely opposed to measures of that sort, and the business community disliked the program's other deflationary provisions. The military government confronted its most determined challenge.

September 16, 1983

Richard F. Nyrop

Chapter 1. Historical Setting

Statue by Aleijadinho (Little Cripple) outside church of Congonhas do Campo, Ouro Prêto

BRAZIL, EVEN MORE than most nation-states, is a land of stark contrasts—contrasts not only among cultures and ecological zones but also among perceptions and interpretations of the national experience. Literary works of the eighteenth century lavished praise upon the indigenous peoples, while predatory explorers, pushing inland from the vicinity of São Paulo, hunted them like animals. The institution of slavery was said to have been less brutal in Brazil than elsewhere in the Americas, but it was condoned by law longer there than in any other Western Hemisphere state. Gilberto Freyre and other renowned Brazilian writers have depicted Brazilian society as racially and socially homogeneous, a consequence of several centuries of miscegenation. But there is no mistaking the gradations of color from dark to light as one moves up the socioeconomic pyramid.

Formally claimed for Portugal by Pedro Alvares Cabral in 1500, Brazil is the only country in South America to have existed until late in the nineteenth century as a monarchy. It gained its independence in 1822 without violence and was spared the major civil wars that wracked so many states of the Western Hemisphere in the nineteenth century.

There was some truth to the view embraced by middle and upper class Brazilians, at least until the inception of military rule in 1964, that their society was uniquely blessed with tolerance and humaneness. Brazilian elites had proved adept at finding nonconfrontational means of resolving conflict among themselves. But the means employed through the centuries to ensure that peasants and workers did the bidding of the great landowners and corporations have often been brutal.

Maldistribution of wealth and opportunity and the unequal responsiveness of the political system to the various levels of the social pyramid have, of course, resulted in differing perspectives on the part of nonelites. The gulf between the literate and nonliterate elements of the population has generally confined political dialogue to the upper and middle classes. The nonliterate, excluded from the electoral rolls since 1881, have been unable, even in the best of times, to participate directly in political decisions.

The strongest influences upon the standards aspired to or accepted by Brazil's ruling classes have been the ideologies and interests of colonial or hegemonic powers. Such foreign ideologies have been adopted and adapted, however, in accordance with the interests and perspectives of domestic elites. Even those members of the colonial aristocracy who most vigorously opposed domination by Portugal were strongly influenced by Portuguese political and social values. The Portuguese legacy in the New World

indeed differed from that of Spain in its greater tolerance of racial and cultural diversity. But, like the Spanish, the Portuguese inculcated in their New World offspring a rigid sense of social, political, and cultural hierarchy. The patriarchal view, deriving from Portuguese monarchism, maintained that culture and personality were functions of education and that the uneducated man was incapable of interacting with the dominant political culture. (The role of women, educated or otherwise, was not even an issue.) He was expected to accept his status in society as a function of a divinely ordered hierarchy. However, because the uneducated were not expected to be responsible for their own welfare, the dominant class was obligated to contribute to the amelioration of their suffering. Public morality was an integral part of the political culture, and the Roman Catholic Church shared with the institutions of government the responsibility for the maintenance of the political and moral order.

To the patriarchal tradition that dominated political thought under the empire was added an overlay of legalism inspired by the French Encyclopedists. Eventually, that which was considered the natural hierarchy and the obligations inherent in it were formalized by a constitution and by laws. The emperor was not expected to direct the course of political development but was to serve as a "moderating power" among the conflicting aims of participants in the political system.

The positivistic philosophy of Auguste Comte and Herbert Spencer, as interpreted by Brazilian intellectuals, was the predominant influence on the political values of the late nineteenth and early twentieth centuries. It tended to modify some aspects of the patriarchal system while it reinforced others. The philosophy stressed education as a prerequisite to responsible political participation, but it held that through a gradual process of cultural co-optation, individual members of the lower classes could be incorporated into the ranks of political participants. It also stressed the inseparability of order and progress.

Brazil's political system evolved through the first half of the twentieth century by a process of sedimentation rather than metamorphosis, giving rise, by the early 1960s, to a political collage. The patron-client relationships of the rural areas that underpinned the First Republic (1894-1930) were not dismantled when the locus of political initiative was transferred to the cities and to the central government in the 1930s. The explicitly corporatist aspects of the dictatorship of Getúlio Vargas (1930-45) and the populist aspects of political expression nurtured by the government simply coexisted with the patriarchal system in separate parts of the national terrain.

The long rule of Vargas introduced new forces into the political equation and new ideas into the heretofore virtually unchallenged value system. The success of his paternalistic regime in amassing a

popular following revealed to the politically ambitious the potential value of appealing to the underprivileged and to the representatives of vested economic interests the potential dangers of such appeals.

The multiparty electoral competition ushered in after the overthrow of Vargas in 1945 became another layer in the political system rather than a wholly new system. Interest groups continued to be dependent, in corporatist fashion, on government recognition. Rural and urban patronage networks accommodated themselves to the new currency—votes. Mobilized sectors that could not be accommodated by these networks emerged as a populist movements, coalescing around leaders who pledged to include them in the distribution of benefits.

Since deposing the emperor in 1889, the armed forces had served as the final arbiters—the moderating power—of all major political disputes, but the overthrow of President João Goulart in 1964 initiated the first period of actual military rule in the twentieth century. The system they established has differed from more traditional authoritarianism in Latin America in that it has facilitated the modernization of infrastructure and the means of production and has promoted rapid economic growth. Authority has rested in the military establishment, rather than in a single caudillo, and presidential succession, although not institutionalized, has been managed with minimal disruption.

Social and political control became increasingly rigid during the first decade of military rule. By the early 1970s virtually all traces of popular political participation and semiautonomous interest representation had been eliminated. Political prisoners were tortured, and death squads operated with seeming impunity.

The government of General Ernesto Geisel, who assumed power in 1974, began a gradual and cautious easing of repression, and since 1978 freedom of expression has become all but complete. Political exiles have returned, and both candidates and voters have come to take seriously local, state, and congressional elections. The military, however, has neither relinquished the presidency nor dismantled its pervasive intelligence apparatus; and the system remains essentially authoritarian.

Portuguese Exploration and Settlement

Upon the establishment of the Avis Dynasty in 1385, Portugal had a centralized state administration that was supported by a growing commercial elite behind a strong monarchy. Shortly thereafter, Prince Henry (the Navigator) founded a school for navigation in order to exploit the country's strategic maritime position vis-à-vis the Atlantic and North Africa. During the fifteenth century the Portuguese explored the west coast of Africa, occupying enclaves that served to promote trade, especially in slaves. By the end of the fifteenth century, Portugal was the

leading European colonial power.

At this time Spain was occupied with the last phase of its reconquest of the Iberian Peninsula from the Moors. Columbus reached the New World under Spanish auspices, and Pope Alexander VI moved to head off the prospect of conflict between Spain and Portugal over the ownership of territories in the New World by issuing a bull that divided those territories. Portugal was to acquire any lands to be discovered east of the line fixed originally 100 leagues west of the Cape Verde Islands. The Portuguese king, João II, apparently more familiar with the distances involved than the pope's advisers, complained of the inadequacy of the ruling. Thus, the bull was replaced by the Treaty of Tordesillas between Spain and Portugal, agreed to by the papacy, which moved the line of division to 370 leagues west of the Cape Verde Islands. This put the part of the Brazilian coastline first explored by Europeans within the area assigned to the Portuguese. The frontiers of Brazil, which extend to the west far past the Tordesillas line, were later determined on the basis of the actual occupation of the land by settlers.

Credit for the "discovery" of Brazil is conventionally given to Pedro Alvares Cabral, who reached the coast in April 1500 commanding a fleet of ships and 1,500 men. In fact, the first European to reach present-day Brazil was apparently the Spaniard Vicente Yáñez Pinzón, who landed four months before Cabral. Actually, the Portuguese had been aware of the configuration of the easternmost portion of the the South American continent for some time; the shoreline of Brazil had been depicted on maps made in 1436.

The Portuguese initially made little of their new Western Hemisphere territory; their colonizing efforts were directed at India, Vasco da Gama having arrived at Calicut in 1497. Nevertheless, various exploratory expeditions were sent to Brazil. The first of these, in 1501, was captained by Gaspar de Lemos. One of the participants on that expedition was Amerigo Vespucci, who wrote accounts of his exploits. His name was later given to the two continents.

The main product of interest to the Europeans was brazilwood *(Caesalpinia echinata)*, which gave its name to the territory. The wood, from which red and purple dyes were derived, was cut and transported by the local Indians, who bartered it for trinkets and novelties of various kinds. This rudimentary economic activity was enough to arouse the interest of French pirates and the Portuguese crown attempted to halt contraband activity by the French by sending expeditions to Brazil in 1516 and 1526, producing negligible results.

In 1532 the first colonizing expedition, commanded by Martim Afonso de Souza, founded the first permanent settlement in Brazil, São Vicente, in the far south of the territory assigned to Portugal. Near it was founded the port of Santos.

The first European settlers in Brazil were the so-called *degredados*, prisoners convicted of crimes in Portugal who were set ashore by the first expeditions in the hope that they would learn the local languages and customs and thus prove of value when permanent European settlements were established. Indeed, several of these men did survive, and when the early settlements were established there were already a considerable number of mestizos.

Many of the earlier settlers, especially in Pernambuco and Bahia, were New Christians (also known as *conversos*), that is, Jews recently converted, most of them forcibly (see fig. 1). Some of the New Christians went to Brazil so they could continue to practice Jewish rites. Others had been expelled from Portugal as undesirables. It was their skill that was largely responsible for the success of the sugar industry, together with Dutch capital to which many New Christians had access; when Jews were expelled from Spain in 1492 and from Portugal in 1496 and 1497, many relocated in the Netherlands, where religious toleration was practiced.

Lacking the resources to undertake a thoroughgoing colonization by itself, the Portuguese crown established in 1534 a system of captaincies (see Glossary), under which land was assigned to individuals, who could pass it to their heirs. These lords-proprietor (*donatarios*) had the right to share crown revenues and to impose certain taxes within their jurisdictions, as well as to found their own economic enterprises. All of Brazil was divided into 14 captaincies. On the whole, the system was not successful in developing the country, with the exception of two captaincies, that of Martim Afonso de Souza, São Vicente, and that of Duarte Coelho Pereira, Pernambuco. The other captaincies generally did not prove to be economic successes, although the system was not extinguished completely until 1759.

Sugar became the major export succeeding brazilwood. By 1600 there were 120 sugar mills functioning in Brazil; the Spaniards had not yet undertaken to produce sugar on a large scale in the Caribbean.

Sugar was produced by African slave labor in the northeastern captaincies, especially Pernambuco and Bahia. Slaves were imported principally from west and central Africa: Nigeria, Dahomey, Ivory Coast, and the Congo. Portuguese sea captains bought the slaves from the Africans who had enslaved them in return for tobacco, rum, and other goods. Most slaves were brought to Salvador, the principal port of Bahia, or Recife, the main port of Pernambuco, although others disembarked at São Luís, near the mouth of the Amazon, or at Rio de Janeiro. Rio had been founded by the Portuguese in 1567 to fortify the area against French incursions; between 1555 and 1560 there had been a French settlement there. Eventually, the sugar industry in São Vicente was unable to compete with that in the Northeast, and the southern region turned to other products.

Brazil's occupation was not the process of conquest that the occupation of the Spanish colonies was. The indigenous population was not numerous, nor was it organized for effective warfare. This is not to say that the Portuguese always had an easy time; in fact the local Indians were cannibals—which several men of Cabral's expedition discovered the hard way. Huge number of Indians died of a smallpox epidemic after making contact with the Portuguese, however, and the remainder were easily enslaved.

In 1570 the crown issued an edict prohibiting enslavement of the Indians, but the practice continued. Most Indian slaves for the Portuguese settlements were captured in raids conducted by the inhabitants of São Paulo *(paulistas)*. The *paulistas* were a rough-and-ready frontier people who made expeditions into the interior looking for gems and precious metals, as well as for slaves. These expeditions were known as *bandeiras* (flags) and the raiders as *bandeirantes*. Something of a romantic legend has grown up around the *bandeirantes*, which glosses over their more unsavory practices. They are credited with opening up the western frontier and marking the trails that later became the roads along which permanent settlers moved.

The Colonial Period

The Colonial Economy

All along the frontier, cattle were raised, although the southern captaincies became the center of cattle raising. Mules were extensively used as pack animals, and mule raising was itself an important economic activity. Tobacco was grown in the Northeast for local consumption and for export. Precious and useful metals were mined, especially in Minas Gerais; major gold strikes finally occurred at the end of the seventeenth century.

Social status in the early colonial period depended on race, wealth—determined primarily by holdings of land and animals—and occupation. The original recipients of crown land grants had retained for themselves large estates. They had also granted to other settlers lands of varying size. Because of the importance of grinding sugarcane and manufacturing sugar, the key economic distinction soon became that between the landowners who had their own sugar mills and those who did not, since the latter had to pay usually one-third of their crop in order to get their cane ground. In addition to sugarcane, some cotton was raised. The principal food crop was manioc, which had been the main staple in the diet of the Indians.

Government and Administration

Except for the captaincies of Pernambuco and São Vicente, the system of land grants did not seem successful in developing the colony, and as a result, a more centralized administrative structure was created in 1548 under the first governor general, Tomé

de Souza (1549-53). The seat of the general government was in Bahia, where de Souza had founded the city of Salvador. This was also the seat of the first bishopric in the colony. The administration of the colony under the governor general was divided into several branches. The *ouvidor-mor* was in charge of the administration of justice. The defenses of the colony were in the charge of the *capitão-mor*. The *provedor-mor* was the official in charge of financial matters, while the *alcaide-mor* was head of the internal militia or police system. At the local level the municipal authority was the *camara*, a local body representing property holders and, in some cases, artisans' guilds. The local authorities also appointed a *capitão-mor* as chief military and administrative officer. In many cases it was a *capitão-mor* who in effect ruled a locality.

The Jesuits

Alongside this political structure governing the Portuguese colonists were some Indian villages governed by missionary priests, most of them Jesuits, who were critically important during the colonial period. Six Jesuits, led by Manoel de Nobrega, had accompanied the first governor general to Bahia, where they founded the first college in the colony. The second governor general, Duarte da Costa (1553-58), was also accompanied by a group of Jesuits, among them José de Anchieta, later noted for his written accounts of life in the colony.

Anchieta and Nobrega also founded the Colégio do São Paulo. It was subsequently moved to São Vicente in 1561 and to Rio de Janeiro in 1567. In addition to the *colégio* (academy or seminary) at Rio, there were at this time Jesuit colleges in Pernambuco and Bahia. Education in the academies was classical rather than scientific, stressing grammar, philosophy, and theology. Graduates of the Jesuit *colégios* who wished to study law or medicine went on to the University of Coimbra in Portugal.

In addition to their role in education, the Jesuits had their own plantations *(fazendas)* and played a missionary role among the Indians. At the missions the Jesuits taught the Indians agriculture and handicrafts, along with the Christian faith, using the local Tupí-Guaraní language, which was generally spoken throughout the colony. The Jesuits also attempted, with limited success, to put an end to Indian practices of cannibalism and polygamy.

The Jesuits were unpopular with many colonists because they opposed the enslavement of the Indians, and they were expelled from São Paulo and Maranhão. Some priests did not maintain the high standards of their calling; it was not uncommon for priests to have children. Franciscans and other orders were active in Brazil, but the role of the Jesuits was predominant and indeed significant in the development of the colony. Despite the Jesuits' opposition to the enslavement of the Indians, however, the *bandeirantes* continued their slave raids, and the effects of slavery and disease

diminished the Indian population. Sometime during the seventeenth century the number of African slaves exceeded that of the surviving population of Indians.

The African Presence

In 1600 Brazil's settled population was estimated at 57,000: 25,000 whites, 18,000 Indians, and 14,000 Africans. It was this African component that gave Brazilian life much of its distinctiveness, especially in music and religion (see Afro-Brazilians, ch. 2). Religious elements of African origin were combined with customs brought from the Iberian Peninsula and those inherited from Indians; Indian styles contributed much to Brazilian diet, housing and furniture, hunting and fishing, and vocabulary. Slavery allowed a great deal of sexual license to estate owners and the males in their families, and venereal diseases were widespread.

Some escaped slaves set up independent territories, or *quilombos*, which maintained their autonomy for some time. The largest and most famous of these was Palmares, in the captaincy of Alagoas. Under their leader, Zumbi, the 20,000 residents of Palmares held out against one expedition after another until, in 1694, a reluctant governor called in a force of *paulistas*, who destroyed the settlement and reduced the inhabitants to slavery again.

The Frontier in the Eighteenth Century

Despite their savagery, the *bandeirantes* are credited by Brazilian historians with having opened up the interior of the country by their expeditions. Antonio Raposo Tavares led what was probably the greatest of these explorations, leaving São Paulo in 1648 and in a three-year trek through the interior following the Paraguai, Guaporé, and Madeira rivers to the mouth of the Amazon near Belém (see fig. 3).

The *paulistas* were also responsible for the discovery of gold in Minas Gerais. The first strike was made in 1693. Other discoveries followed, and a gold rush ensued. The violent life of the mining towns of Minas Gerais led to the so-called greenhorns' war (*guerra dos emboabas*), and it was not until some years later that law and order were established in the region. The *bandeirantes* were also hired by landowners in the Northeast as Indian fighters, runaway-slave catchers, and the like. Vestiges of that tradition remain today; it is not unknown for landowners trying to expand their domains at the expense of Indians or squatters to hire gunfighters, as in the old American West, to intimidate or assassinate those who stand in the way of their occupation of new territory (see Rural Society, ch. 2).

Other skirmishes mark the history of eighteenth-century Brazil. The "peddlers war" (*guerra dos mascates*) was fought in 1711 between the landowners of Pernambuco and traders and businessmen of Recife over debts and the domination of local politics by

the planters. French pirates attacked Rio de Janeiro and held it for ransom. Attempts to collect the "royal fifth"—the crown's share—of the gold mine in Minas Gerais led intermittently to riots in that region. The discovery of diamonds at Cerro Frio in Minas Gerais led to further disturbances. Clashes also broke out between Portuguese- and Spanish-speaking settlers over control of present-day Uruguay, the frontier region between the two empires.

Disputes over Borders with Spain

When Portugal became free of Spanish rule in 1640, it began attempts to establish Portuguese sovereignty in its border regions in Brazil. The *bandeirantes* conducted slave-raiding expeditions into Spanish territory in present-day Paraguay, and in 1680 the Portuguese colony of Sacramento was founded just across the Río de la Plata from Buenos Aires. It became a center for the transit of contraband goods to the Spanish dominions and a perpetual source of friction. Relations between Spain and Portugal were not improved by Portugal's siding with its ally, England, in the War of the Spanish Succession. At the signing of the Treaty of Utrecht (1715), which ended the war, Portugal acknowledged the victory of the French candidate for the Spanish throne, whom it had opposed. Partly in return, the Spanish recognized Portuguese possession of Sacramento. The Spanish colonists, displeased at this decision, founded Montevideo nearby, and friction continued between the two populations.

Various additional treaties attempted to demarcate the line between Spanish and Portuguese holdings. The Treaty of Madrid (1750) accepted the principle of *uti possidetis* (ownership resulting from occupancy) as a basis for sovereignty. This was favorable to Portugal, because the *bandeirantes* had pushed far past the original Tordesillas line of demarcation. Sacramento was ceded to Spain in exchange for Misiones, the area of seven Jesuit missions of Guaraní Indians north and east of the Brazilian provinces (the system of captaincies ended in 1759) of Rio Grande do Sul. However, the Guaraní, advised by their Jesuit rulers, refused to relocate to new lands as the treaty envisaged; a combined Spanish-Portuguese army took from 1753 to 1756 to subdue them, in the so-called Guaraní War. In 1759 the Portuguese crown, partly in retaliation for the Jesuits' refusal to cooperate on that occasion, expelled all Jesuits from territories under Portuguese rule.

As a result of the difficulties in Misiones, in 1761 the Portuguese withdrew their offer to cede Sacramento to Spain. Britain's difficulties during the American War of Independence meant that it was not able to aid its Portuguese ally effectively, however, and France backed Spain in bringing pressure on the Portuguese to relinquish control of Sacramento without getting Misiones in exchange. Nevertheless, Portuguese settlers pushed on into Misiones and achieved effective occupation of the region, which was acknowl-

edged by Spain in the Treaty of Badajoz in 1801. At this time Portugal and Spain were allied against the French, which made it possible for them to reach an amicable settlement. The settlement included Spanish possession of the Sacramento region, finally reaffirming the Madrid agreement reached 50 years earlier.

The Economy in the Eighteenth Century

The colonial economy remained primarily that of a producer of raw materials. By the Treaty of Methuen in 1703, Portugal had committed itself to import British manufactures in exchange for the export of wine; manufacturing therefore never became a principal activity, and manufactured articles used in the colony came primarily from Britain. The main export was still sugar, the production of which gave form to the society of the rural Northeast, with its plantations, sugar mills, and slave quarters.

Brazil's sugar markets were limited by the development of sugar production in the Caribbean. However, because of declining production in Haiti after that colony achieved independence in 1801, the market improved. Later, cotton became a major export item in the Northeast as the textile industry grew in Britain and as exports of cotton from North America were interrupted by the American Civil War. The center of cotton production was in the province of Maranhão. At times during the eighteenth century, however, tobacco cultivation was the second largest export activity after sugar. Tobacco, raised principally in Bahia on plantations, was used as a barter item in the slave trade.

Gold and diamonds were extracted in the province of Minas Gerais and also to a lesser extent in Mato Grosso and Goiás. Mining was also based on slave labor and was closely regulated by the crown. In addition to the royal fifth that was supposed to be paid, in 1710 a "capitation tax" on the number of slaves owned by the mining operators was assessed. Because of the primitive techniques used in the mines, however, many were soon worked out as far as the existing technology allowed. Some mine operators thereupon abandoned their efforts and freed the slaves involved. At its height, the mining industry had contributed to the development of cities and to the population of the Minas Gerais region. It also led to the growth of ranching to provide meat for the mining areas. In 1771 the crown finally established a royal monopoly on diamond-mining because it had proved impossible to collect taxes from the industry.

Literature and Art During the Colonial Period

In the sixteenth century, colonial literature consisted of travel books, narratives, and letters written by Portuguese traveling to Brazil. In addition to the letters of Pero Vaz de Caminha, who came with Cabral, and the log of the voyage written by Pero Lopes de Sousa, there appeared in this period three literary

documents of major interest: *Tratado da Terra do Brazil* (Treatise on the Land of Brazil) and *História da Provincia de Santa Cruz* (History of the Province of Santa Cruz) by Pero Magalhães Gandavo, and the *Tratado Descritivo do Brasil em 1587* (Descriptive Treatise on Brazil in 1587) by Gabriel Soares do Sousa, who came to Brazil in 1567 and settled in Bahia as master of a sugar mill. The content and style of these works expressed the Portuguese spirit in their detailed description, taste for the picturesque, and lyric quality.

In the eighteenth century, Brazilian writing, imitating the popular poetry of Italy, France, and Portugal, was intended for an elite that lived in luxury, educated its sons at the University of Coimbra in Portugal, and followed Portuguese modes. In Bahia, the colonial literary and artistic center, songs of love, satires, elegies, and sonnets were dedicated to kings, governors, and great ladies. But the Brazilian reality was the mining fever sweeping the country, the exploits of the *bandeirantes* fighting and capturing the natives, and the nature of the arid interior zones.

Literary prominence soon passed to the inland mining city of Ouro Prêto in Minas Gerais. A small group of poets, called the *mineira* school, initiated the first coalition of politics and letters. José Basilio da Gama, born in Brazil and educated in Portugal and Rome, wrote *Uruguay*, considered the best Brazilian epic. It dealt with the war against the Paraguay Indians in 1756 and attracted much attention by its indictment of Jesuit policies. Santa Rita Durão wrote the famous epic poem *Caramurú* (Dragon of the Sea), which is known to every Brazilian schoolchild. It relates the discovery of Bahia in about the middle of the sixteenth century by Diego Alvares Correa, who married Paraguassu, the daughter of an Indian chieftain.

In the eighteenth century, colonial art forms developed, particularly in architecture and the related arts, which were all put to the service of the church. The architecture was exclusively in the baroque style, imported mainly from Portugal and Spain. The early churches were too poor to follow this style, and baroque in Brazil achieved its highest level of development as ornamental interior decoration. Lavish use was made of gold, diamonds, and emeralds, and wood carvings and sculpture decorated the interiors of colonial churches.

The Transition to Independence

During the late eighteenth century there were several unrelated movements in the direction of independence. Most of these events emerged from a specific local grievance, but they all reflected in part the circulation in Brazil of the ideas of the Enlightenment and of the American Revolution. In Portugal itself, the Enlightenment gave rise to a reformist movement that influenced the administration of the Marquis of Pombal, the king's first

minister from 1750 to 1777. Pombal tried to give effect to some ideas of the Enlightenment in his administration without relinquishing the Portuguese hold on Brazil or reducing Portugal's income from Brazil. In fact, with the loss of most of its possessions in Asia, the kingdom had come to depend more and more on revenue from Brazil.

Pombal's Enlightenment ideas showed most clearly in his religious policy. He ended discrimination against New Christians and made any sentences passed by the Inquisition contingent on confirmation by the monarch. He was responsible for the expulsion of the Jesuits from Portugal and Brazil and the other Portuguese colonies. He finally ended the system of captaincies, which had not until then been totally abolished in Brazil. Pombal also tried to promote trade by establishing trade monopolies.

Although the ideas of the Enlightenment were certainly not consistent with the traditional teachings of Roman Catholicism, they did have their impact within the church. The scion of a wealthy landowning family near Rio de Janeiro, José Joaquim da Cunha de Azeredo Coutinho, attended the University of Coimbra, which had just been reorganized by Pombal along new lines reflecting Enlightenment ideas. Returning to Brazil as a bishop, Coutinho organized the seminary of Olinda in Bahia, which taught mathematics and mineralogy in addition to more traditional subjects. Coutinho's writings on economics, influenced by the free-trade ideas of Adam Smith then beginning to gain attention, were influential in promoting Brazilian opposition to the trade monopolies established by the Portuguese.

The Flight of the Royal Family

Napoleon's invasion of Spain began the train of events leading to the independence of Spanish America from the motherland; with respect to Brazil, the course of events was somewhat different. In 1806, after defeating the armies of Prussia, Napoleon decreed the Continental System, a system of economic blockade of Britain designed to produce its surrender. This put the Portuguese in a difficult position. Portugal could hardly embargo trade with Britain, on which its economic life depended, even if it could overlook the centuries of alliance with Britain that had helped preserve its independence. Nevertheless, Napoleon was triumphant in Europe, which would make it perilous to defy his edicts. Under the circumstances Dom João, regent of Portugal during his mother's mental disorder, chose an ambiguous and ultimately unviable policy, which was to go through the motions of accepting the Continental System while concluding a secret agreement with the British. This agreement also provided that in the event of an invasion of Portugal, Britain would provide naval protection for the regent and his family, who would flee to Brazil. In fact, the terms of the treaty became known, Napoleon invaded, and the

Manaus
Courtesy Jan Knippers Black

royal family set sail.

The arrival of the royal family in Brazil in 1808, first in Salvador, then at Rio, permanently changed the relationship between Brazil and Portugal. From then on, the Brazilian tail wagged the Portuguese dog, as it were. The presence of the royal family distinguished Brazil from the neighboring Spanish colonies; it also determined that independence, when it came, would be peaceful, and the government of the independent state would represent continuity and stability instead of anarchy and civil war, as was the case in most of the newly independent Spanish-speaking republics.

Relations with Britain

One of Dom João's first acts in Brazil was to decree the opening of Brazilian ports to the trade of all nations not at war with the Portuguese crown, thus honoring his commitment to Britain and at the same time preparing the ground for the greater prosperity of the colony. Portuguese goods were to be assessed 16 percent tariff ad valorem; the goods of other countries, 24 percent. Dom João also revoked his mother's decree against the development of manufacturing in Brazil. Brazil's dependence on the protection of the British fleet was now so absolute that the British secured further treaties that implied that Brazil would continue to import manufactured goods from Britain rather than develop its own industry.

In 1810 the Treaty of Commerce and Navigation reduced the tariffs applicable on goods from Britain to 15 percent ad valorem—

slightly less than goods coming from Portugal itself. British subjects in Brazil were guaranteed religious liberty and extraterritorial treatment; that is, if charged with crimes they were tried before specially appointed British judges. The Treaty of Alliance and Friendship, signed in the same year, guaranteed that the Inquisition would never be reestablished in Brazil and committed Brazil to the gradual abandonment of the slave trade.

The Approach of Independence

The modified situation was formally recognized in February 1815, when Brazil's status was changed for that of a colony to that of an equal partner in the United Kingdom of Portugal, Brazil, and Algarve. The change of status made it reasonable for Dom João to remain in Brazil rather than to return to Portugal. Upon the death of his mother in 1816, Dom João became João VI, but he continued for a time to rule the empire from Rio. He was forced to return to Portugal in 1821, however, when political disturbances broke out there; liberals were demanding a progressive constitution. Before leaving Brazil, Dom João reportedly told his son, Dom Pedro (who became Dom Pedro I), that should a Brazilian movement for independence develop, he was to take its leadership rather than lose his position by opposing it. Pedro was left in Rio as regent.

In Portugal, meanwhile, the newly summoned parliament, the Cortes, despite its liberal complexion, attempted to reestablish Portuguese hegemony over Brazil. When the Cortes ordered Pedro to return to Portugal, he refused and instead, on September 7, 1822, proclaimed Brazilian independence. On December 1, 1822, he was crowned emperor of Brazil. The establishment of an empire echoed the recent Napoleonic interlude (Napoleon was actually related to Dom Pedro by marriage), and it seemed appropriate for a new departure that at the same time retained a politically conservative character.

Early Years of the Empire

The separation from Portugal was not altogether peaceful. On September 9, 1822, two days after Dom Pedro had announced that he would stay in Brazil, a commander of the Portuguese garrison in Rio attempted to enforce the order for Dom Pedro's return to Portugal. The Portuguese troops were defeated by Brazilian forces, however. Lord Cochrane, the Scot who had organized and commanded the Chilean navy in its independence war, put together a Brazilian fleet that became a critical factor in securing the surrender of Portuguese garrisons at various points along the coast.

Dom Pedro's major adviser was José Bonifacio de Andrada e Silva, who had studied law at Coimbra and mining in other schools of Europe. He had been the government official in charge

of the regulation of mining activity for Portugal at the time of the Napoleonic invasion. He subsequently fought in the Portuguese resistance movement against the French, returning to Brazil in 1819 after an absence of 36 years. José Bonifacio, as he was known, also led the conservative faction within the Grand Orient Masonic Lodge, a major political force in Brazil.

The liberal faction was led by Gonçalves Ledo, a newspaper editor. He and other liberals, some of whom would have preferred a republic to the monarchy, proposed the adoption of a constitution that would limit royal power. José Bonifacio regarded a strong monarchy as a guarantee of stability and continuity, contrasting with the disorder that was developing in Spanish America. José Bonifacio persuaded Dom Pedro to join the Masons; Pedro was elected Grand Master of the Grand Orient Masonic Lodge, thereby strengthening his position. Ledo attempted to bring pressure on Dom Pedro to guarantee the adoption of a constitution that would circumscribe monarchic powers. Instead, Pedro dissolved the Masonic lodges and deported the leadership; Ledo fled to Buenos Aires.

Nevertheless, Dom Pedro did summon a constituent assembly in May 1823, but when it became apparent in November that the delegates intended to limit his power, he sent troops to dissolve it. He had already forced the resignation of José Bonifacio in July. Dom Pedro was now surrounded by reactionary and pro-Portuguese ministers; nevertheless, he declined to return Brazil to Portuguese authority when his father sent an emissary to invite him to do so. Portugal recognized Brazil's independence in 1825. It had already been recognized by the United States—the first country to do so—and by Britain.

The New Constitution

After the constitution had been approved by the municipal councils of the country, it was proclaimed in effect on March 5, 1824. Although the constitution did allow for an elected lower house of the legislature—the Chamber of Deputies—it was clearly a conservative and absolutist document. Elections were indirect: an electorate limited to those whose income was above a certain level voted openly; that is, there was no secret ballot for the electors at the local level, who in turn voted for provincial-level electors. These provincial electors chose members of the Chamber of Deputies and also proposed to the emperor names of candidates for the Senate, the upper house. The emperor chose from among those names senators, who were to serve for life. He also appointed for life members of the Council of State and designated provincial presidents, the chief executive officers of each province. Income qualifications were established for electors, deputies, and senators.

Although Roman Catholicism was declared the state religion, other sects were tolerated. The emperor was to appoint bishops

and veto papal decrees of which he disapproved. The cabinet designated by the emperor constituted, under his direction, the executive power, and the conventional distinction between it and the legislative and judicial powers was established. The constitution did innovate, by grouping the other attributes of the emperor's power in a separate category, a so-called fourth branch of government, which was called the "moderating power" (O Poder Moderador). This moderating power included the emperor's right to appoint senators, to approve or disallow acts of the legislature, and to appoint all officials.

The Emperor's Troubles

Dissatisfaction with the new constitution and the appointed provincial president, along with such other grievances as heavy taxes and submission of the province to rule from Rio, led in July 1824 to revolt in Pernambuco. The insurrection established the so-called Confederation of the Equator, which had a republican constitution based on that of Colombia. Pernambuco was joined immediately by the other northeastern provinces of Ceará, Rio Grande do Norte, and Paraíba. The rebellion was put down by land and sea, however; the naval forces were still under the command of Lord Cochrane. The rebel leaders fled, except for a friar who was executed by a firing squad.

The suppression of the revolt did nothing to help the popularity of the emperor, which deteriorated steadily. He battled continuously with the Chamber of Deputies over legislation and over control of the cabinet. He involved the country in an unpopular war to try to retain control of Uruguay, which ultimately became independent in 1828. He favored advisers and appointees born in Portugal, and he continually intrigued over the succession to the Portuguese throne. Moreover, the empress received a good deal of public sympathy over the numerous infidelities of the emperor, which were widely known. There was general dissatisfaction with the incompetent management of the country's finances, and in 1830 the emperor was suspected of complicity in the assassination of an opposition journalist. The growing disorder and opposition led the emperor to try to assuage discontent by naming a cabinet composed entirely of Brazilians, but he dismissed it after three weeks, thus making his situation even more precarious. Finally, on April 7, 1831, the emperor, under pressure from aristocrats, popular agitators, and the military, abdicated in favor of his five-year-old son, who was eventually to become Pedro II.

Establishment of the Regency

From 1831 to 1840 Brazil lived under a regency, and the period was one of considerable political turmoil. Central authority was weak, and a series of rebellions erupted. In general, these revolts were separatist in sentiment. Separatism for some was also a

nativist movement against continued Portuguese influence. Difficult economic times, which attended a decline in exports, and resentment of national taxation also contributed. These revolts were known as the Cabanagem, which took place in the province of Pará between 1835 and 1837; the Sabinada in the province of Bahia in 1837-38; the Balaiada in Maranhão in 1838-41; and the most serious of all, the Farroupilha in Rio Grande do Sul, which lasted from 1835 to 1845.

This last war, the War of the Farrapos (ragamuffins), was influenced by the fighting over the independence of Uruguay, which adjoined the province of Rio Grande do Sul. The rebellious forces won a victory over the national troops in 1838 and proclaimed the independent Republic of Piratini. In 1839 an independent republic was also proclaimed in the neighboring province of Santa Catarina. This revolt was finally suppressed by the son of the former regent, General Francisco Lima e Silva; he proposed an amnesty and the incorporation of rebel troops into the imperial army, terms that were accepted. The younger Lima e Silva, who had also been instrumental in quelling the other revolts against imperial authority, was named duke of Caxias and designated life senator from Rio Grande do Sul.

Affairs were hardly less chaotic in Rio de Janeiro than in the provinces. Three political parties were active. The Restoration Party (Partido Restaurador) was known as the Caramurus after the name of the leading newspaper supporting that position. Caramuru, meaning "Man of Fire," had been the name given to one of the *degradados* set ashore by the early explorers to learn the language of the Indians; it was also the name of the epic poem celebrating his exploits. The term was often applied to pro-Portuguese politicians. This party espoused the return of Dom Pedro I, and it represented Portuguese and major commercial interests.

The Moderate Party (Partido Moderado) represented essentially the provincial rural upper classes and supported Brazilian independence under the emperor and with the maintenance of established institutions. The party's major newspaper was *A Aurora Fluminense*, whose editor had taken the lead in calling for the abdication of Pedro I.

The third and most radical party, the Exalted Party (Parido Exaltado), colloquially known as the Farroupilhas, preferred a federal republic to the empire. Several newspapers also took this position. Most of the regents were political moderates, but the popularly elected Chamber of Deputies tended to be more radical and made a point of limiting the authority of the regents. The Senate, however, was a center of restorationist sympathies. The more revolutionary elements conspired continuously with military officers, and several uprisings took place. In response, the regency government organized a national guard that was politically a more reliable force. In addition, a code of criminal law was adopted that

strengthened local authorities in the enforcement of the law.

Empire of Dom Pedro II

In 1840 the contending political leaders agreed to advance the age at which the heir-designate achieved maturity, and in 1841 the 15-year-old Dom Pedro was crowned emperor; he reigned until 1889. To many people, his reign was the Golden Age of Brazilian history. A man of intelligence, generosity, and considerable learning, Dom Pedro chose to use judiciously the extensive powers given the emperor by the constitution, bringing a special meaning to the concept of "moderating power" that was fixed in the constitution. He allowed full play to the parliamentary system, using his powers to ensure that no single party dominated permanently at the expense of the others—or at the expense of his own freedom of action. An imposing presence, 6 feet 4 inches in height, with a beard that soon turned white, he chose not to keep his distance from his subjects but to be a frequent visitor to schools, scientific meetings, hospitals, and museums. He was regarded with affection, admiration, and indeed awe not only in Brazil but also in Europe and North America, which he visited. Stability and prosperity in Brazil contrasted so much with chaotic conditions in Spanish America that someone remarked that the emperor in Brazil was the only real president in Latin America.

The stability and well-being of the reign of Dom Pedro II were based on a solid foundation of economic prosperity. Sugar exports increased as European markets expanded because of population growth. Cotton experienced a boom when supplies to Europe from the United States were interrupted by the Civil War. The development of the vulcanization process made rubber an important export. Tobacco, leather, and cacao exports grew throughout the nineteenth century. But coffee was the major success story in Brazilian exports. From 1850 on, Brazil contributed more than half of the world's coffee supply, and coffee provided about half of Brazil's export income. Exports increased from an annual average of 19,000 tons in the 1820s to 58,000 tons in the 1830s; 100,000 tons in the 1840s; and 158,000 tons in the 1850s (see Growth and Structure of the Economy, ch. 3).

After the abolition of the slave trade in 1850, it became clear that the old slave-labor basis of the economy would have to change, and foreign immigration was encouraged. European immigrants surged into the coffee-producing areas, especially the province of São Paulo; 90,000 European immigrants came to São Paulo in 1887, the last year before slavery was abolished (see Immigrants of the Nineteenth and Twentieth Centuries, ch. 2). The domestic economy grew also. The development of the railroads and telegraphs gave a powerful impetus to internal trade as well as to exportation.

Problems of Foreign Policy

The foreign policy of the empire was dominated by two main issues: the slave trade and the balance of power in southern South America. In 1810 Brazil had already agreed to the British demand that the slave trade be discontinued, but it had not complied, nor did it abide by the renewal of the commitment in 1827. In 1844 the imposition of a new tariff took Brazil on a protectionist path that prejudiced relations with Britain. The passage by the British Parliament in 1845 of the Aberdeen Bill, whereby Britain committed itself to putting down the slave trade, led to further tension until Brazil renounced the slave trade in 1850. Relations with Britain continued to be difficult. Disputes broke out over Brazilian salvage of a wrecked British ship in 1861 and over British pretensions to extraterritoriality for their sailors arrested on Brazilian soil. Brazil cut off diplomatic relations with Britain between 1863 and 1865 as a result of one such incident; the British had refused to accept an arbitration decision of the Belgian king, Leopold I, that Britain should apologize to Brazil over reprisals taken in an extraterritoriality case.

In the Río de la Plata area—Uruguay, Paraguay, and northeast Argentina—the Brazilian government became involved in attempts to defend its commerce in the region and to back up its citizens in the problems of cattle rustling across the frontier. It may also have been the case that Brazil had not given up completely on ideas of territorial expansion in the region.

Uruguay was frequently in a state of civil war between the Blancos, representing the more affluent social classes, and the more radical Colorado Party. Fearful that the intervention of the Argentine dictator Juan Manuel de Rosas on the side of the Blancos would lead to the extension of Argentine influence in the area, in 1851 Brazil sent in troops under the command of the Duke of Caxias to aid the Colorados. Allying themselves with General Justo José de Urquiza, an Argentine military chief who opposed Rosas, the Brazilian forces were successful in overthrowing the Blanco government and installing the Colorados. The Brazilians, with British naval support, went on to overthrow Rosas and help install Urquiza as the Argentine president. In 1864 after irregular *gáucho* (see Glossary) forces from Rio Grande do Sul had invaded Uruguay, supposedly in retaliation for Uruguayan raids against *gáucho* ranches, Brazilian troops were sent in and again succeeded in removing the Blanco government and imposing a pro-Brazilian Colorado one. Matters did not rest there, however; the train of events was started that led to the terrible Paraguayan war, or the War of the Triple Alliance (1864-70).

The War of the Triple Alliance

Foreign scholarship has generally accepted the Brazilian view of the war, which is that it was the responsibility of the Paraguayan

dictator Francisco Solano López. López was believed to have been influenced by the example of Napoleon III into thinking he could build a Paraguayan state that would dominate the region. There is certainly plenty of support for this view. He built armament factories, introduced military conscription, and built an army of 80,000 the largest in the region (the Brazilian army at that time had about 17,000 troops). According to the Brazilian history books, López intended to use this army to annex Uruguay, the Argentine provinces of Corrientes and Entre Ríos, and the Brazilian province of Rio Grande do Sul and part of the province of Mato Grosso (see fig. 1).

The Paraguayans, for whom López is a great national hero, see things rather differently. From the Paraguayan viewpoint, López was concerned for the maintenance of a balance of power in the region, especially between Argentina and Brazil. He feared that without such a balance Brazil could dominate Uruguay and eventually extinguish Paraguayan independence. The first line of defense for Paraguay, from this point of view, was the maintenance of an independent Uruguay. Accordingly, López had guaranteed Paraguayan support for the maintenance of Uruguayan independence to the Blanco president of Uruguay, Atansio Cruz Aguirre. With pro-Colorado governments in Brazil and Argentina at the time, the Blancos had nowhere to turn but to Paraguay, and they encouraged López' fears that Brazilian intervention in Uruguay constituted a threat to Paraguayan independence as well as to Uruguay's.

Aguirre had come to power in March 1864; at the end of August, Paraguay warned Brazil that it would consider any Brazilian occupation of Uruguayan territory as a threat to its own integrity. Brazil nevertheless invaded and removed Aguirre from the presidency of Uruguay, apparently after reaching an understanding with President Bartolomé Mitre of Argentina. This understanding was formalized by the Treaty of the Triple Alliance, signed on May 1, 1865, by the Brazilian and Argentine governments with the Uruguayan government that had been installed by Brazilian troops. In a secret clause of the treaty, Argentina and Brazil agreed to divide Paraguayan territory between them.

By this time, however, López had reacted to Brazil's failure to heed his warning; he had captured a Brazilian ship and attacked the Brazilian province of Mato Grosso, where he had been able to seize weapons from a Brazilian arsenal. In order to fight in Uruguay, however, López' troops had to cross the Argentine province of Corrientes. Mitre refused to give his permission, but the Paraguayan troops crossed anyway, not only precipitating war against Argentina but also alienating the local caudillo of that region, General Urquiza, who might otherwise have been persuaded to join López against Mitre. A British diplomatic agent secured a copy of the Treaty of the Triple Alliance and had it

Cathedral in Brasília
Courtesy Michaël Borg-Hansen

published. Its provision for the seizure of Paraguayan territory aroused much international sympathy for Paraguay.

The Paraguayan forces attacking Rio Grande do Sul were defeated and surrendered at Uruguaiana, and the Paraguayan navy was defeated at the Battle of Riachuelo. General Mitre was nominal commander of the forces of the Triple Alliance, but the Brazilians soon sent Caxias, who effectively became the field commander. The Paraguayans were again defeated, with great loss of life, at the Battle of Tuiuti on May 24, 1866, one of the most costly battles in human lives fought on American soil. The Paraguayans defeated Brazilian forces in Mato Grosso, however, and domestic difficulties led to the withdrawal of Argentine and Uruguayan troops, leaving the Brazilians to fight on alone. Paraguay might have ended the war on the allies' terms except that Dom Pedro insisted on López' resignation and departure from the country, which López was unwilling to accept.

The war continued, and Paraguay suffered terrible losses, until the major Brazilian victory at the Battle of Humaitá. Nevertheless, López fought on, drafting women and boys for his army, even after the allied forces took Asunción, the Paraguayan capital, in January 1869. Caxias declared the war concluded and returned to

Brazil. López, however, continued to fight until he was killed in March 1870 at Cerro Cora.

The effects of the war on Brazil's government, quite apart from the loss of life, were also disastrous. To finance the war the country had gone into debt to European powers, which thereafter were able to exert pressure on the government. The armed forces were strengthened and began to become more involved in politics. The participation of ex-slaves in the army was one of the factors undermining arguments for slavery. The demobilization of soldiers after the war created problems of economic dislocation.

The war was also the beginning of the end for the emperor. Although he had initially believed that the war would be a constructive force in building a sense of national unity, Dom Pedro aged visibly during the conflict. Moreover, his personal standing deteriorated as his conduct of the war was criticized. The military especially, which emerged from the war with more personnel, greater prestige, and a newly acquired habit of meddling in political questions, expressed increased dissatisfaction with the emperor's management of affairs. The image of a gallant little Paraguay, fighting for its national existence against the powerful slave-holding imperialists of Brazil, led to a decline in Brazil's international prestige.

The Economy under the Later Empire

The period was nevertheless a time of great economic growth, led by the development of the coffee industry. Coffee was already the leading single export at the time of the coronation of Dom Pedro II, constituting 43.8 percent of the country's exports by value during the decade 1831-40, with sugar and cotton the runners-up. That remained approximately the situation until the 1870s, when coffee became an even more important factor in the country's exports, reaching the proportion of 61.5 percent by value for the decade 1881-90. The country's growth was also stimulated by technical advances in communications and transportation. Railroads, the telegraph and the telephone, the adaptation of steam power and electricity to shipping and manufacturing, electric lighting, and municipal tramways were the leading sectors, financed by West European and North American investments. Banking and insurance expanded to keep up with the new level of economic activity. Mining and production of natural gas also prospered.

The leading figure in the growth of the economy during this period was Irineu Evangelista de Sousa, later Baron Mauá, who went from railroads and shipping into gas lighting, streetcars, and the construction of the first transatlantic cable connection between Brazil and Western Europe, to banking, including banking overseas. A self-made man of humble background, Mauá's dynamism and imagination were typically Brazilian in scope and self-assertiveness.

His meteoric career as entrepreneur came to an abrupt end, however, when he overextended himself by expanding into banking in Uruguay and Argentina and was unable to weather the world financial crisis of 1876.

The Slavery Question

It was the abolition of slavery that finally brought the empire to an end. Slavery had been under attack throughout the nineteenth century, beginning with the Treaty of Alliance and Friendship with Britain in 1810, in which Brazil had undertaken to end the slave trade. That promise and a similar one in 1827 were not honored, nor were later decrees and laws. It was not until 1845 when the British Parliament authorized British ships to treat slave traders as pirates and bring them to trial in British Admiralty courts that Brazil was galvanized into action. A large increase in the slave trade, designed to bring the maximum number of slaves to the country before the British could act, was the first reaction; in 1848 some 60,000 slaves were imported, a vast increase over previous years. In 1850, however, the government promulgated a law requiring ships sailing to Africa to post bonds covering the value of the ship and its cargo, which would be forfeited if the ship were found to be involved in the slave trade. An 1854 law provided for severe fines and a system of police enforcement of the law. The legislation proved effective in terminating the slave trade.

The abolition movement, which had always existed, became stronger, concentrating all its efforts on total abolition. The emperor took a favorable position and proposed in 1864 the provision enacted in 1871 as the "law of free birth," under which children born to a slave would be legally free except that they would owe an obligation to work for their mother's master between the ages of eight and 21; alternatively, the master could reject the child's labor and be indemnified by a cash payment from the government. Meanwhile, some provinces had on their own decreed the abolition of slavery, especially provinces that had few slaves or whose economies were not dependent on slave labor. In 1885 a bill was passed that freed slaves aged 60 or above, although they were expected to work, albeit as free men, for their former owners for one subsequent year. This was clearly only a palliative by which pro-slavery forces hoped to postpone the day of reckoning.

That day was not long in coming. In 1887 a governmental decree prohibited the recovery of runaway slaves. Princess Isabel, acting as regent while the emperor was on a European trip, asked a conservative leader to form a new government that would submit a bill abolishing slavery. The bill, the "Golden Law," which provided no compensation to slave owners, easily passed both Senate and Chamber of Deputies and was signed by Isabel on May 13, 1888. Ironically, like other antislavery laws, the

abolition bill had been passed under a conservative government. That fact—the gradualness of the process that had seen a sequence of laws limiting slavery over a period of years—and the fact that abolition had already taken place elsewhere (including the United States) made the slave owners resign themselves to the inevitability of the process, instead of attempting to mount last-ditch resistance to it. About 700,000 slaves were freed. Abolition alienated the planters from the empire and ensured that the empire would have no defenders when the time came for its own abolition.

The End of the Empire

The imperial system was approaching a crisis phase. In addition to the problems already described, further difficulty was created by a papal bull issued in 1864 that prohibited Catholics from belonging to Masonic lodges. This ruling, based on the anticlericalism of European Masonic lodges, had little immediate relevance to Brazil. Nevertheless, enforcement of the prohibition became an issue of principle, and various bishops closed religious orders that refused to exclude the Masons. The bishops persisted in this attitude even though the emperor had refused to authorize the validity of the papal bull, which was his right under the constitution. For their defiance of the government, two bishops were sentenced to four years in prison at hard labor. Although Isabel, acting on the advice of the Duke of Caxias, pardoned them, the episode left a legacy of bad feeling between the empire and the church and helped to alienate devout Catholics from the empire.

Military officers likewise became alienated from the imperial system. The war had expanded the size of the army and had made it an important factor in national life. Military commanders had become prestigious public figures. Moreover, the army had been politicized during the course of the campaign for the abolition of slavery, and it had also been permeated by the progressive social and political ideas of the philosophy of positivism, then much in fashion. One of the leading positivist thinkers in Brazil was an instructor at the Military Academy, Benjamin Constant Botelho de Magalhães. The Duke of Caxias was able to maintain some restraints on the involvement of politicians in military affairs and that of soldiers in politics, but after his death in 1880 civil-military relations deteriorated.

Relations between military officers and civilian politicians worsened when two abolitionist officers, whose conduct had been criticized by conservative politicians (one had allegedly permitted abolitionist propaganda to circulate in his unit; the other had taken disciplinary action against a subordinate who proved to be the friend of a conservative politician), attempted to defend themselves in the public press in contravention of the regulation against the public discussion of political matters by officers on active duty. Various former army officers, most notably Manoel

Deodoro da Fonseca, a retired army marshal and the dominant military figure after the death of Caxias, spoke out in their defense. After considerable turmoil, the punishments of the two officers were revoked. A further imbroglio developed in 1888 out of the arrest of a naval officer and attempts made by the navy to get him released. The net outcome of the "military question" was to alienate military officers from the empire and enlist them in favor of the declaration of a republic.

Attempting to save the empire by accepting demands for reform, in June 1888 Dom Pedro appointed as prime minister the liberal Afonso Celso, Viscount of Ouro Prêto. Celso proposed limited terms for members of the Senate, provincial and local autonomy, government credit institutions, complete religious freedom, and the extension of the suffrage to all literate males. He also attempted to build up the national guard and the Rio police, sensing the army's doubtful loyalties. This threat to the army's position and rumors that the government planned to cut the size of the army precipitated a crisis. Marshal Fonseca long resisted pressure to join the republican cause, but his reservations were overcome by rumors that he was to be arrested. Fonseca's adherence to the pro-republican revolutionary movement was influenced by the news that the emperor intended to appoint an enemy of his to be prime minister when parliament refused to accept Celso's program.

The head of the armed forces, Marshal Floriano Peixoto, had assured Celso that he need not worry about the army's loyalty but in fact did nothing to oppose the uprising, which took place on November 14, 1889. The leadership of the movement was then assumed by Fonseca. The republic was proclaimed on November 15. Fearing that a counterrevolution might restore the empire, the revolutionaries insisted that Dom Pedro and his family leave the country, which they did on November 17. Dom Pedro lived in Paris until his death in December 1891.

The First Republic

The Military Government

Fonseca formed a provisional government that served until a republican constitution was adopted. The other major figures were General Benjamin Constant as minister of war, Ruy Barbosa as minister of finance, and Manoel Ferraz de Campos Sales as minister of justice, all of whom would remain politically active for decades. Among its first acts, the provisional government separated church and state, instituted religious freedom and civil marriage, and abolished titles of nobility. All records pertaining to slavery were destroyed, thereby ending any hope by former slave owners that they would be compensated. Foreigners resident in Brazil on the day the republic was proclaimed automatically became Brazilian citizens unless they chose otherwise. A new national flag was adopted, which bore the

motto "Order and Progress"—an expression of the positivist belief that it was possible to combine the chief value of the conservatives, order, with that of the liberals, progress. Municipal and provincial assemblies were dissolved and replaced with appointees of the national government, usually military officers. The Chamber of Deputies was dissolved and the lifetime Senate, abolished.

In an attempt to promote economic development, Barbosa took the country off the gold standard. A great deal of monetary speculation occurred, including the issuance of stocks by phantom companies, and severe inflation developed. Fonseca proved less than competent as provisional president, and the entire cabinet resigned when the old soldier insisted on awarding a public works contract to a personal friend. Unused to disorder and personal criticism, the marshal appeared to have regretted he ever joined the republican movement.

A constituent assembly was elected in 1890 to draw up a republican constitution. Barbosa was the prime drafter of the document, which was approved in February 1891. It was closely modeled on the separation of powers system of the United States, calling for a president and vice president to be elected for four-year terms and a cabinet to be responsible to the president rather than to the bicameral Congress. Members of the Senate would serve a nine-year term, and members of the Chamber of Deputies, three years. The provinces became states in a federal system and possessed considerable power, including that of establishing export taxes and maintaining their own military forces. (In fact, despite the assignment of financial matters, foreign affairs, and national defense to the federal government, the 20 states were to become the centers of republican political life.) Each state elected three senators, and the vote was given to all male citizens over 21 years of age who were neither illiterates nor paupers. The constituent assembly was empowered to elect the first president and vice president of the republic, and despite the reputation for incompetence that Fonseca had acquired, the assembly chose him rather than take the chance that the choice of a civilian would be unacceptable to the army.

Peixoto was named vice president, and he immediately began plotting to succeed Fonseca. Conflict soon developed between the president and Congress, primarily because of the president's desire to centralize authority, a goal that was opposed by the congressional majority. Fonseca therefore staged a coup, dissolving Congress and assuming dictatorial powers. The leading figures of the navy, admirals Eduardo Wandenkolk and Custódio José de Melo, joined the congressional majority and Vice President Peixoto in organizing a countercoup. The ships moored in Guanabara Bay, under the command of Melo, threatened to bombard Rio if Fonseca did not give up his post. Thus the first president of the republic resigned, and the presidency passed to Peixoto.

Peixoto as President

Peixoto, soon dubbed "the Iron Marshal," managed to consolidate the republican government against threats of a monarchic restoration, federalist revolts, and threats to his own position. Self-possessed and determined, he was conciliatory or ruthless as the occasion demanded. The constitution provided that new elections should be held if the president resigned within the first two years of his term, but the new president brushed aside demands for such an election. Peixoto at times argued that the provision did not apply to the first term under the new constitution, and at other times he insisted that elections were not possible in such troubled circumstances.

Barbosa was Peixoto's leading parliamentary opponent, quitting the Senate in protest when the president dismissed all of the state governors who had sided with Fonseca. Persistent supporters of Fonseca were arrested, and when Barbosa demanded that the Supreme Court issue writs of habeas corpus to free the political prisoners, Peixoto drily observed that any judge granting such a writ would shortly find himself in need of a writ of habeas corpus, with no judges left to grant it. Officers who petitioned him to hold a presidential election, as provided in the constitution, found themselves prematurely retired, and troops who rebelled in January 1892 were dealt with severely.

The major threat facing the regime was a civil war that erupted in Rio Grande do Sul in June 1892 over the control of the governorship. The war widened when Gaspar da Silveira Martins, who would have been the emperor's last prime minister if the revolution had not occurred, returned from exile in Uruguay to lead a rebellion ostensibly in favor of federalist and parliamentary principles but perhaps with the ultimate aim of restoring the empire. Peixoto supported the "positivist dictator" of Rio Grande, state governor Julio de Castilhos. The leading naval officers, including Admiral Melo, sympathized with Silveira Martins. Melo resigned as minister of the navy and led the navy into revolt. Unsuccessful in their attempt to blockade Rio de Janeiro, partly because foreign powers, including the United States, refused to recognize the blockade, many of the naval rebels took two Portuguese ships to Buenos Aires, where they moved on to join the troops of Silveira Martins in Rio Grande do Sul. In retaliation Peixoto broke diplomatic relations with Portugal. The federalists were defeated, partly with the aid of a republican militia force from São Paulo. Peixoto thus became regarded as the savior of the republic, although his wholesale executions of the rebels clouded his reputation somewhat. He was to survive his victory by only two years, dying in 1895. His final triumph was to hold elections and transfer power to his elected successor, the *paulista* Prudente José de Morais e Barros, who thus became the first civilian

president of the republic, taking office on November 15, 1894 (see table A).

Table A. Chiefs of State, 1889–1930

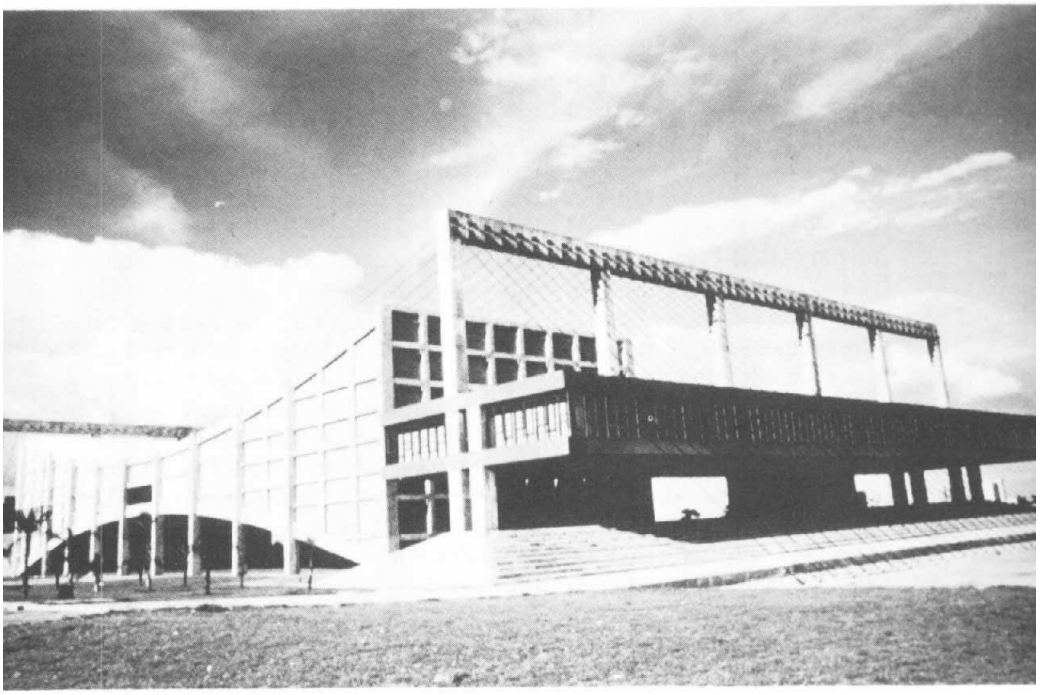
Chief of State	Dates in Power
Marshal Manoel Deodoro da Fonseca	November 15, 1889-November 23, 1891
Marshal Floriano Peixoto	November 23, 1891-November 15, 1894
Prudente José de Morais e Barros	November 15, 1894-November 15, 1898
Manoel Ferraz de Campos Sales	November 15, 1898-November 15, 1902
Francisco de Paula Rodrigues Alves	November 15, 1902-November 15, 1906
Afonso Augusto Moreira Pena	November 15, 1906-June 14, 1909
Nilo Peçanha	June 14, 1909-November 15, 1910
Marshal Hermes da Fonseca	November 15, 1910-November 15, 1914
Venceslau Brás Pereira Gomes	November 15, 1914-November 15, 1918
Delfim Moreira	November 15, 1918-June 1919
Epitácio Pessôa	June 1919-November 15, 1922
Artur da Silva Bernardes	November 15, 1922-November 15, 1926
Washington Luís Pereira de Sousa	November 15, 1926-November 15, 1930

The Economy under the First Republic

Economically, the First Republic, or Old Republic, was generally a period of economic prosperity after the initial disorder and inflation of its first years had been overcome. The export of rubber expanded greatly to rival coffee as the country's principal export. Some industry developed, especially in São Paulo. Meanwhile, a change took place in the sugar economy, with the consolidation of many *fazendas* into larger holdings, sometimes under corporate ownership centered on a sugar mill. This accelerated the transformation of rural workers into a sort of rural proletariat. At the same time a change in agrarian structure was taking place in the South and Southeast, especially in São Paulo, owing to the immigration of large numbers of Germans and Italians, most of whom became small farmers. With some interruptions because of inadequate funds, railroads were built, ports were enlarged and modernized, and municipal water, light, and streetcar services were extended. In all of these enterprises foreign capital, especially from Britain, was critical. The greatest success in this era of modernization was the elimination of malaria and yellow fever from Rio de Janeiro under the leadership of Dr. Osvaldo Cruz; this antedated and in some respects served as a model for the later United States efforts in Panama. By 1906 yellow fever, deaths from which had averaged 10,000 annually during the second half of the nineteenth century, was completely eliminated.

Industry experienced considerable growth, 3,258 establishments being enumerated in the census of 1907. These were principally textile mills, breweries, chemical plants, and glass and ceramic

Campus, University of Brasília
Courtesy Embassy of Brazil, Washington



Convention center, Brasília
Courtesy Embassy of Brazil, Washington

factories. Most factories used electric power, usually generated by damming rivers. By 1920 there were 356 electric generating plants. The most important manufacturing centers were the cities of São Paulo, Rio de Janeiro, and Belo Horizonte.

The expansion of the coffee industry propelled the state of São Paulo to a leading position in the economy, and because the constitution enabled the state to impose export taxes, the state government grew wealthy. Half of all the immigrants to the country went to São Paulo. At the end of the century the population of the state of São Paulo stood at about 1 million; by the early 1920s the figure was 2 million. The city of São Paulo grew from 31,000 inhabitants in 1872 to 579,000 by 1920—an annual growth rate of 6.3 percent, compared with a rate of 1.5 percent for Recife, the major city of the Northeast, and 3 percent for Pôrto Alegre, the principal city of Rio Grande do Sul.

Politics under the First Republic

The period from 1894 to 1930, known in Brazil as the First Republic, was noteworthy for three political features: the politics of the governors; *coronelismo;* and the politics of "*café com leite,*" or coffee with milk (see Conservative Groups, ch. 4). The politics of the governors refers to the general practice, existing especially after 1900, of the federal government's collaborating with the state governors to determine who would sit as deputies in the federal legislature. That is, through the mechanisms of the supervision of elections by state and federal authorities and the certification of results by the credentials committees of the national Chamber of Deputies, the practice developed of certifying only those deputies favored by the incumbent state administration. This system helped to perpetuate state political "establishments," which in turn combined to control the federal government.

The term *coronelismo* derives from the honorary title of colonel (*coronel*) in the National Guard that was customarily conferred on a locally dominant political figure. The term eventually became applied to the local strong man or political boss, especially in the rural areas and particularly in the poorer northeastern states. *Coronelismo* was thus a classic boss system under which the control of patronage and minor funds was centralized in the *coronel,* who would dispense favors in return for political loyalty. The *coronel* was usually a substantial landowner and would often also be the local justice of the peace.

The politics of *café com leite* refers to the domination of the republic's politics by the states of São Paulo (which produced coffee) and Minas Gerais (where dairy farming was strong). These two states were the largest in population and also the richest. The first presidents of the republic were from São Paulo, but thereafter there tended to be an alternation between the outgoing governors of the two states in the presidency. There was under-

standable dissatisfaction in the Northeast and Rio Grande do Sul over this, but those areas played a key role in the legislature. For example, the leading figure in the Congress for most of the Old Republic was the *gaúcho* José Gomes de Pinheiro Machado from Rio Grande do Sul.

Politics as Usual

An early challenge for the government of President Morais was the War of Canudos. Drought conditions gave rise to a great deal of suffering among agricultural workers in the Northeast, and many, despairing of their lot in this world, followed the leaders of rebellious cults. One of these was led by a mystic known as Antônio Conselheiro, who with his followers founded a town at Canudos on the Rio Vaza-Barris in Bahia. The settlement, which farmed communally and divided the product equally among its members, refused to recognize the authority of the government of Bahia. The Roman Catholic hierarchy viewed the cult as heretical, and some landowners were unhappy with the loss of their workers to the colony.

In 1896 the Bahia state government sent an expeditionary force to restore its authority. Conselheiro had built an army of his own, however, recruiting converts among the gunfighters hired by the landowners to keep order on their plantations, and he had no difficulty destroying the first expedition of 100 men and the second of 550. The mortified governor of Bahia sent word to the federal government that Canudos was a monarchist rebellion that had to be suppressed by federal troops. However, the 1,300 soldiers sent by the national government were also defeated by the Canudos forces. The opposition made much of the weakness and inability of the government to put down the supposed monarchist insurrection, and the president dispatched a force of 6,000 men against the settlement. But the followers of Conselheiro, inspired by fanatical religious beliefs and knowing the terrain better than the federal troops, defeated even them; fewer than half of the expeditionary force survived. Finally, Morais ordered the minister of war to take command of a full-scale military operation. Unable to resist artillery bombardment, the settlement was destroyed, and its inhabitants were massacred. The episode has lived on in the Brazilian consciousness because of its treatment in a highly regarded book—some believe it the best Brazilian book ever written—*Os Sertões* (Rebellion in the Backlands) by Euclydes da Cunha.

The next president was a *paulista* landowner, a former governor of São Paulo, and a former minister of justice—Manoel Ferraz de Campos Sales. Taking a different line from his predecessors who attempted to impose strong central authority, President Sales ruled by agreement, negotiation, and the mutual exchange of favors, being the originator of the "politics of the governors."

When Sales was on a trip to Europe, taken while he was still president-elect, he initiated the negotiation of a "funding loan" syndicated by the Rothschild banking house to restore the financial situation of the government, which had been undermined by the massive issuance of paper money to finance the various military campaigns of the previous governments. This stabilization loan was secured by customs revenues and was on easy terms, envisioning a payment period that would stretch from 1911 to 1974. Financial health would be restored not only by the loan itself but also by the commitment of the Brazilian government to withdraw from circulation an amount of national currency equal to the amount of the loan. To complement the funding loan, the finance minister in charge of the new stabilization policy reduced bank credit and raised taxes. This unpopular policy restricted economic growth in the short run, but it prepared the foundations for long-run prosperity and expansion with less inflation.

Another major achievement of the Sales administration was the settlement of the question of Amapá and the delineation of the boundary of northern Brazil and French Guiana. France's claim extended into the Brazilian territory of Amapá. The issue was referred to the arbitration of the president of the Swiss Confederation, whose decision in 1900 was favorable to the Brazilian interpretation of the relevant documents, and Rio Oiapoque was fixed as the international boundary.

Brazil's representative to the Swiss arbitration procedure had been José Maria da Silvas Paranhos Junior, the Baron of Rio Branco. The son of a famous diplomat of the same name, Rio Branco continues to be viewed as the nation's most renowned statesman and an authentic national hero. He served as foreign minister from 1902 to 1912. His first signal achievement in that post was the conclusion with Bolivia of the Treaty of Petrópolis in 1903, which resolved conflicting claims over Acre (see fig. 1). In subsequent years Rio Branco concluded border agreements and settlements with Peru, Colombia, Venezuela, and Dutch Guiana (present-day Suriname).

At about the same time, the government sought to resolve its coffee problems by adopting a policy called the "valorization of coffee." The coffee-producing states of São Paulo, Minas Gerais, and Rio de Janeiro had agreed in 1906 to try to control the world market for coffee by stockpiling production in excess of market demand to maintain high prices. At the time, Brazil produced two-thirds of the total world supply of coffee and so was in a position to influence the market decisively. The system provided that the federal government would guarantee a specified minimum price for coffee and would purchase and stockpile any coffee produced that could not find a market at that price, releasing the stock in years when production dropped below demand at the set price. The "valorization" of coffee became a principle of Brazilian

economic policy that was to last for many years.

The presidential election of 1910 resulted in the breakdown of the *café com leite* alliance between the states of São Paulo and Minas Gerais, resulting in the first nationwide political contest. The major power brokers were Carlos Peixoto Filho, president of the Chamber of Deputies, and Pinheiro Machado from Rio Grande do Sul. The two major candidates were Ruy Barboso and Marshal Hermes da Fonseca, nephew of the first president and a *gáucho*. Barboso, a highly regarded intellectual from Bahia who had, among other things, served as finance minister, conducted a strong campaign against the dangers of military influence and political bossism. As minister of war in the outgoing administration, Marshal Fonseca had reorganized and modernized the army, purchased new weapons and equipment, and built new installations. He was strongly supported by the military; eventually, the political establishment offered its backing. Out of a population of approximately 22 million, about 500,000 voted; Barboso secured over 30 percent of the votes, a considerable achievement, given his opposition, but Fonseca was the victor.

Fonseca's administration was marked by increased disorder and repression. He intervened extensively in state politics, sometimes in alliance with Pinheiro Machado, sometimes in rivalry with him. Shortly after Fonseca took office, a naval mutiny occurred in protest against the corporal punishment that was applied in the navy and related grievances. The government accepted the demands of the mutineers but then arrested and imprisoned the leaders.

Pinheiro Machado hoped to gain the presidency for himself. The leaders of São Paulo and Minas Gerais, however, re-formed their alliance in behalf of Vice President Venceslau Brás Pereira Gomes. The bad feeling engendered by Pinheiro Machado's attempt to dominate the Fonseca administration led to Pinheiro Machado's assassination in 1915 by an individual who wished to vent his personal grievances; ironically, Pinheiro Machado's celebrated status made him, rather than the president, the assassin's target.

President Brás faced problems of internal and external war. At home, the "holy war of the Contestado" broke out in the contested region between the states of Santa Catarina and Paraná. Peasants, dispossessed of their lands to make way for a railroad, followed the leadership of the ex-monk José Maria, a survivor of Canudos, in a revolt that was quashed by the army. In Europe World War I had begun, with various consequences for Brazil. The prices of exports rose, imports of manufactured goods became scarce, and impetus was given to the manufacturing industry of Brazil. Rubber exports failed to grow, however, because Brazil's monopoly of rubber had been broken by the smuggling out of seedlings, which led to the development of plantations in Southeast Asia.

German submarine warfare resulted in the sinking of several Brazilian ships, and Brazil declared war against the Central Powe-

ers in October 1917. Some Brazilian aviators and medical personnel took part on the Allied side. After the war Brazil received reparations for the Brazilian merchandise sequestered by the Germans. Brazil also participated in the Versailles peace conference, where a political figure from the state of Paraíba, Epitácio Pessôa, distinguished himself.

The state political machines of São Paulo and Minas Gerais continued their hegemony by electing former President Rodrigues Alves for the presidential term from 1918 to 1922. However, illness prevented Alves from exercising the functions of his office, which were assumed by Vice President Delfim Moreira until new elections could be held. The political establishment this time selected Pessôa, although his election was contested by Barbosa.

Disorder grew despite, or perhaps because of, the firm policies of President Pessôa. The policy of stabilizing coffee prices contributed to an increase in government spending, and Brazil borrowed extensively abroad for that purpose and for public works designed to ameliorate problems of drought in the Northeast. A "law for the repression of anarchism" was passed to break the formation of labor unions and to repress strikes and demonstrations. In an attempt to check inflation, the president refused to raise government workers' salaries and, despite protests by the army, held down the military budget. The military was further irritated by the appointment of civilians as ministers of war and navy.

Pessôa demonstrated in other ways that he could not be intimidated by the military. In 1922 the president of the powerful Military Club, former President Fonseca, charged that Pessôa's nominee to succeed him, Artur da Silva Bernardes, was antimilitary. Fonseca made the charge on the basis of letters purportedly written by Bernardes. Pessôa asserted that Fonseca knew—or should have known—that the letters were forgeries and had Fonseca arrested. Bernardes was elected without incident.

Before the election, however, the government confronted an unusual challenge. On July 5, 1922, a small group of junior officers led a revolt at the Igrejinah Fort at Copacabana Beach. Cadets at the Military Academy and young officers elsewhere also rebelled, but these minor uprisings were easily and quickly crushed. At the fort, however, 18 officers, 17 of them lieutenants (*tenentes*) left the fort for a quixotic battle on the beach. Sixteen of the 18 were killed. One of the survivors lived to become a general and a presidential candidate, and the event spawned the *tenente* movement that had far-reaching results.

The disturbances continued during Bernardes' presidency. In fact, Bernardes censored newspapers, reformed the constitution to limit individual rights such as habeas corpus, and maintained a state of siege throughout his term of office. The economic situation worsened; it showed a decline in the value of exports, a shortage of foreign exchange, and rapid inflation. Once again, disorders

flared up in Rio Grande do Sul. The governor, Antonio Augusto Borges de Medeiros, had been reelected for his fifth term, which goaded the opposition Liberal Party (Partido Libertador), led by Assis Brasil, to rise to rebellion. The president sent the minister of war to arrange a settlement, and both parties agreed to the Pact of Pedras Altas (1923), under which the opposition recognized the election of Borges, but the state constitution was changed to prohibit further reelection.

On the second anniversary of the desperate gesture of the *tenentes* at the fort at Copacabana, military rebellions broke out at various points in the republic. The insurgents were defeated with little difficulty except in São Paulo, where the movement was headed by General Isidoro Dias Lopes. Seeing that they could not hope to be victorious against loyal troops, however, the rebels left the city and headed west, where they were joined at Iguaçu Falls with troops from Rio Grande do Sul, led by Captain Luís Carlos Prestes. The two groups joined forces under the nominal command of Major Miguel Costa, leader of the São Paulo group, but under the actual leadership of Prestes.

Originally almost 2,000 strong, the Prestes Column, as it became known, dwindled to only a few hundred men in its three-year peregrination of some 24,000 kilometers through the interior of the country. Staging guerrilla attacks against regular forces, attempting to arouse the population against the injustices of the prevailing political system, spreading revolutionary, democratic, and semisocialist ideas, the column became a legend, although for the most part it failed to raise popular consciousness against the regime. Several members of the column became active in politics in later years, however, some reaching eminent positions. Prestes, dubbed by the press "the Knight of Hope," went on to become the leader of the Communist Party of Brazil (Partido Comunista do Brasil—PCdoB).

Bernardes, who was from Minas Gerais, supported as his successor the former governor of the state of São Paulo, Washington Luís Pereira de Sousa, thus continuing the *café com leite* alliance. Washington Luís continued the deflationary monetary stabilization policy of his predecessor, appointing as his minister of finance Getúlio Dornelles Vargas of Rio Grande do Sul. Vargas, 43 years of age at the time, had been head of his state's delegation in the Chamber of Deputies. Although serving his first term in federal office, he had previously been active in state politics. In the tradition of Brazilian governments, Washington Luís had a major theme for his administration, which was roadbuilding; he was responsible for construction of the highways between Rio and Petrópolis and between Rio and São Paulo. In addition, he maintained the policy of support prices for coffee. The Pact of Pedras Altas meant that Borges could not be reelected to the governorship of Rio Grande, so Vargas was called home to be the

administration's candidate for governor.

The Great Depression brought with it financial and economic difficulties for the country. It fatally undermined the government's economic policies. As coffee sales dropped on the world market, Washington Luís attempted to increase sales by lowering prices. The policy was unsuccessful, and coffee growers were irritated because their revenues declined. Their revenues in cruzeiros (for the value of the cruzeiro—see Glossary) might have been maintained if the government had devalued the national currency. Guided, however, by the conventional financial ideas of the time, Washington Luís maintained an overvalued currency exchange rate, which led to the depletion of the country's gold and foreign exchange reserves. Trying to protect the federal budget from deficits, the government also discontinued the purchase of excess coffee stocks. Needless to say, coffee growers were alienated from the government.

The Political Crisis of 1930

Meanwhile, the political maneuvering over the next presidential term had begun. The governor of Minas Gerais, Antonio Carlos Ribeiro de Andrada, the grandson of the independence leader of the same name, believed he was the rightful establishment candidate, since Washington Luís was from the state of São Paulo and tradition called for the alternation of the presidency between the two leading states. Ribeiro de Andrada disagreed with the president's economic and financial policies, so he thought it was best to strengthen his position by an alliance with Rio Grande do Sul. Under the terms of this entente—the so-called Liberal Alliance—Ribeiro de Andrada would run only if he got administration support, in which case the vice presidency would go to a *gáucho*. If Washington Luís persisted in his apparent plan of supporting another *paulista*, Júlio Prestes, however, then Ribeiro de Andrada would support an opposition candidate, either Borges or Vargas.

If the agreement was supposed to deter Washington Luís from supporting Júlio Prestes, it failed in its objective. Backing by the government electoral machinery ensured Prestes' victory, despite the unhappiness not only of the states of Rio Grande do Sul and Minas Gerais but also of the coffee growers of São Paulo and the landowners in the Northeast. The economy of the Northeast had been in perpetual decline, and landowners were unhappy over the president's discontinuance of the drought projects of his predecessor. An opposition candidacy was clearly doomed, however, so Borges stepped aside in favor of the more junior Vargas, who took as his vice-presidential candidate João Pessôa of the Northeast state of Paraíba. Rather timid about opposing the incumbent administration, Vargas got Washington Luís to agree that Prestes would not campaign in Rio Grande do Sul if Vargas himself campaigned only there.

Some of Vargas's supporters, especially a young intellectual politician from Rio Grande do Sul, Osvaldo Aranha, were prepared to use the general discontent in the country to take power by "revolution." Aranha arranged to import weapons and made contact with the survivors of the *tenente* movement. Luís Carlos Prestes announced that he had become a communist and declined the invitation, but other *tenentes*, especially Juarez Távora and Pedro Góes Monteiro, agreed to cooperate in organizing a revolutionary movement. Perhaps the decisive act, which determined that the revolution would indeed happen, was the assassination of Vargas' running mate, João Pessôa, in July 1930, although it was two months later, on October 3, that the revolution actually began.

The army as a whole was unwilling to resist the revolution. Ideas of reform (*tenentismo*) had penetrated among young officers, and senior officers were unhappy about the budgetary stringency made necessary by the financial crisis. Moreover, they had no stomach for actual battles against the substantial *gáucho* forces, nor did they wish to risk the division in their own ranks that might arise if they took the field. Accordingly, two ranking generals and an admiral headed a junta that requested the resignation of the president, and on October 3, 1930, they turned the government over to Vargas.

Historians date the end of the First Republic from the success of the "revolution" of 1930. The ensuing Vargas era changed the face of Brazil. The political system underwent major modifications during the period of his supremacy; socially, economically, and administratively, major structural changes took place. The period witnessed the acceleration of Brazil's urban industrial development. An urban working class developed and became organized and vocal. A system of social security was put into place. The country became centralized, and the old era of state supremacy was brought to an end. A system of national political parties was created. Yet the man who presided over these fundamental changes remains to some extent an enigma. Flexible and pragmatic, Vargas never committed himself permanently to a single ideology or point of view. He temporized and procrastinated, probably from a feeling for correct timing rather than from the inability to make up his mind, as his detractors charged.

The Vargas Era, 1930–45

The Provisional Government

Vargas established and headed a provisional government that lasted from November 1930 until 1934. All legislative bodies at every level were abolished and were replaced by appointees of the provisional government. Vargas used veterans of the *tenente* movement extensively in his administration, although the original composition of the provisional government reflected the range of

political groups that had supported the successful revolution, and military officers again headed the ministries of war and navy.

One of the government's continuing problems was what to do about the coffee glut. The decision was made to try to maintain prices by destroying excess stocks, which were burned or thrown into the sea. Further, the extension of the land planted in coffee was prohibited for three years. Another major political issue was whether, or how soon, to hold elections for a constituent assembly that would draft a new constitution. On this issue there were essentially two positions: that of the liberal constitutionalists, who were strong in the cities, especially in São Paulo, and that of the *tenentes*, now organized in the "3rd of October Club," who wanted Vargas to stay in power and put through various reforms without either having to secure legislation or being opposed by recalcitrant state governments. Vargas sympathized with the *tenente* position but found it politically advantageous to stay in the background. On February 24, 1932, Vargas published a new electoral code, thus seeming to identify himself with the demands of constitutionalists for elections. At the same time, however, he apparently encouraged the organization of a raid against the *Diário Carioca*, a pro-constitutionalist newspaper in Rio. Vargas made it clear that he supported the *tenentes* by naming their candidate, General Espíritu Santo Cardoso as minister of war, replacing General Leite de Castro, and by retiring General Bartoldo Linger of Mato Grosso, also opposed by the *tenentes*. Four students were killed in an anti-Vargas demonstration in São Paulo, and the liberal constitutionalist forces, spearheaded by leaders from São Paulo, prepared for armed revolt.

The opposition was strongest in São Paulo. Although Vargas had opponents everywhere, in São Paulo his former enemies—those who had supported the candidacy of Júlio Prestes against him in 1930—were joined by his previous supporters in that state who had been alienated by the arbitrary behavior of João Alberto, the *interventor* (temporary governor, appointed by and an agent of the government). The police chief also succeeded in alarming the middle class in São Paulo by organizing a popular militia force. The last-minute removal of João Alberto by Vargas failed to eliminate the resentment, and on July 9, 1932, the revolt in São Paulo began. In Minas Gerais and Rio Grande do Sul, minor revolts in sympathy with the liberal constitutionalists took place, led by the patriarchs of the First Republic, Borges de Medeiros and Bernardes. Neither constituted a serious threat.

In São Paulo the efforts of the revolutionaries were more serious, but most of the army stayed loyal to the provisional government, and the revolt was crushed. The rebels in São Paulo held out for two months against the onslaught of federal troops, who resorted to aerial bombardment. The use of bombardment from the air, then a shocking novelty, led to the suicide of the

great Brazilian aviation pioneer, Alberto Santos Dumont.

In typical fashion Vargas moved to conciliate the defeated *paulistas*. The federal government assumed responsibility for paying the bonds issued by the rebels to finance their movement, and Vargas scheduled elections for the constituent assembly, which took place on May 3, 1933. The elections were more honest than any held under the First Republic, and the assembly began work in November 1933. In July 1934 the assembly completed the new constitution, converted itself into the Chamber of Deputies of the new system, and elected Vargas as constitutional president for the term 1934-38.

The constitution of 1934 combined ideas deriving from quite different schools of thought: traditional Brazilian liberalism, republicanism, and federalism; European social democracy; and corporatism. The constitution maintained Brazil's federal structure, along with the separation of powers system, but it eliminated the post of vice president. The two-chamber legislature was continued; two senators were to be elected by each state for eight-year terms, and deputies were to be elected by proportional representation from each state for a term of four years. At Vargas' insistence, corporatist representation was added, in that about 10 percent of the membership of the chamber was to be elected by labor unions and employers. Voting was to be secret, and women were given the vote for the first time in Brazilian history.

"Social" features of the constitution included authorization for the federal government to set minimum wages, the eight-hour day, social insurance, and paid holidays. Primary education was made free and compulsory. In addition, various nationalist provisions were included. The federal government was given the authority to restrict immigration, a provision probably aimed against the Japanese. Foreign enterprises were to have at least two-thirds Brazilian employees and were forbidden to own newspapers, magazines, or radio stations. Special tribunals were established to protect individual liberties and to arbitrate labor disputes.

Economic Crisis and Extremism

The constitutional government was bedeviled by the continued world economic crisis and by the growth of extreme political movements of right and left, as was taking place in Europe at the time. Vargas shrewdly manipulated these movements, and the popular reaction against them, to prepare the way for his perpetuation in power. Although without a professed ideological commitment, Vargas drew his political orientation from the positivist tradition of Rio Grande do Sul, the socialist and corporatist ideas in vogue in Europe during the 1930s, and possibly from his own military training, although he had not followed a military career. His orientation might be considered authoritarian populism, and in this he was not far from the thinking of the *tenentes*. Nevertheless,

he was always pragmatic and opportunistic in his policies.

On the right, the Brazilian fascist movement was known as the Integralistas (Ação Integralista Brasileira—AIB) and was led by Plínio Salgado. It bore all the familiar fascist trappings of colored shirts (green), street rallies, anti-Semitism, and straight-arm salutes. Vargas kept in touch with the Integralistas and used them for his own purposes. On the left, the PCdoB started a broad antifascist "popular front" movement called the National Liberation Alliance (Aliança Nacional Libertadora); Luís Carlos Prestes was its president. On March 30, 1935, Congress passed a national security law giving the government special powers to act against "subversive" activities. Vargas used these powers on July 13 to raid the headquarters of the National Liberation Alliance and seize documents indicating that the alliance was supported by the international communist movement. The government proceeded to arrest the leaders of the alliance and of the PCdoB. The more extreme members of the movement thereupon organized an armed revolt, which took place in November 1935 in Natal, Recife, and Rio de Janeiro. The revolt played into Vargas' hands so perfectly that many believed that his agents within the communist movement had been responsible for fomenting the revolt. It was easily suppressed, although in the course of the rebellion senior military officers were killed, which served to embitter the officer corps against the PCdoB. After the rebellion it was easy for Vargas to get congress to vote a state of seige giving the government emergency powers; this occurred on November 25, 1935.

Congress voted four times to extend the state of seige; it also agreed to create a special national security tribunal to try subversives. The tribunal sentenced Luís Carlos Prestes to 17 years in prison and deported his German-born wife to Germany, where she was later to die in a Nazi concentration camp.

Meanwhile, preparations were being made for the elections of January 1938. The three leading candidates were Armando de Sales Oliveira, the governor of São Paulo, representing liberal constitutionalism; a *tenente*, José Américo de Almeida of Paraíba, representing authoritarian nationalism; and Salgado, the leader of the Integralistas. While the candidates were attempting to line up support, Vargas was secretly having a close associate, Francisco Campos, prepare an authoritarian constitution. In July 1937 Vargas appointed Góes Monteiro, the military leader of the 1930 revolution, as army chief of staff, and he shifted army commands to ensure a favorable military.

With Góes Monteiro as chief of staff and General Eurico Gaspar Dutra as minister of war, the army was under control. The Communists had been broken, and the Integralistas were supporting Vargas. Four months before the scheduled elections, General Dutra announced the discovery of the "Cohen Plan," which he described as a communist plan to overthrow the government and

establish a dictatorship. The document was actually forged by Integralistas. Nevertheless, it was enough to panic the Congress into declaring a state of war, which enabled Vargas to suspend all constitutional rights and incorporate the state militias into the federal army; that eliminated any possible armed opposition to the planned coup, which took place on November 10, 1937. Vargas then promulgated Campos' new constitution, although the constitution was never ratified, no elections were held under it, and no parliament met under its provisions. Ostensibly a corporatist state, the Estado Novo (new state) created by the constitution was no more than a single-person dictatorship under Vargas, without any particular ideological direction or programmatic commitment.

The Estado Novo

In the wake of the coup, Vargas instituted many of the trappings of the contemporary dictatorships of Europe. All business establishments were required to display his picture; a department of press and propaganda was set up to censor the country's newspapers; and all political parties were dissolved, including the Integralistas, who had hoped to be the government party of the new regime. A group of Integralistas, together with some anti-Vargas elements of the military, thereupon rose in revolt on May 10, 1938, and attacked the presidential palace. The local military garrison was curiously slow in sending troops, but the president, his daughter, and his personal staff managed to hold the attackers at bay until help arrived. Vargas then dissolved the "non-political" clubs and associations run by the Integralistas, which had not been covered by the decree banning political parties. Vargas also introduced the death penalty, which had not been used in Brazil for 40 years. Salgado went into exile, as did other opponents of Vargas, including former President Bernardes.

During the next seven years, Vargas ruled Brazil by decree. Unlike other contemporary dictators he did not create an official party, although near the end of his dictatorship he created two political parties, looking toward a future period of democratic political competition. Vargas left an ambiguous heritage. There is no doubt that he operated a dictatorship, complete with secret police, arbitrary arrest, press censorship, and a "cult of personality," but in some respects his government made progress in developing the economy and forging national unity. Social welfare legislation provided the workers pensions and medical insurance, but at the same time, the new labor legislation was used to control the unions in various ways. The Ministry of Labor took charge of the union dues deducted from workers' pay and distributed them to the unions, thus guaranteeing that they would be under the government's control.

Authority was centralized in Rio, and the power of the states—which had included the power to negotiate separate agreements

with foreign governments—was either abolished or drastically limited. Vargas went so far as to hold a ceremony in which state flags were burned. The government became heavily involved in the economy, founding agencies to promote agrarian diversification and technical innovation and making government investments in the expansion of coffee production, for example. Similarly, considerable emphasis was given to industry, either through the establishment of mixed public-private companies or through the creating of wholly owned public corporations, especially in steel but also in aircraft production and hydroelectric power development. The huge steel plant at Volta Redonda was built with loans from the United States Export-Import Bank after Vargas had let the United States know that Germany was interested in financing steel development.

During the Vargas era great impetus was given to industrialization. Coffee production declined, but manufacturing output increased substantially. By 1940 Brazil's capacity for electricity generation reached 1 million kilowatts, of which 60 percent was located in the São Paulo area, primarily due to the construction of hydroelectric power stations. Cement production increased from 87,000 tons in 1930 to 700,000 tons in 1940. Iron and steel output went from 90,000 tons in 1929 to 150,000 tons in 1939. The number of manufacturing establishments more than doubled during the decade, reaching 50,000 by 1940. Factories in the São Paulo area employed 35 percent of the industrial labor force and generated 43 percent of the value of industrial production.

The outbreak of World War II provided Vargas with an excuse for the continuation of rule by decree and of a government role in the promotion of heavy industry and arms production. At first, Vargas tried not to commit the country to either side, although the population was clearly pro-Allies. He used Brazil's neutrality and occasional friendly gestures toward the Axis powers to secure loans, grants, and other favorable treatment from the United States. Eventually Vargas came down firmly on the side of the United States; he broke relations with the Axis powers in January 1942 and declared war the following August.

Brazilian support for the Allied powers was unstinting. Allied bases were established in the Northeast, a convenient refueling point for planes en route to or from Africa and for ships plying the Atlantic route. A Brazilian expeditionary force was sent to fight in Italy. João Alberto, the former *interventor* in São Paulo, was designated director of a full-scale war mobilization effort. The United States sent a technical mission to assist in administrative reorganization. Because Brazil had decided to cooperate wholeheartedly in the war effort, the early equivocation, the speeches by Vargas favorable to fascism, and the blind eye that had been turned to Nazi activities in the late 1930s were all forgotten. American attitudes toward Brazil at both official and popular levels

were very favorable, and the undemocratic character of Vargas' regime was overlooked.

The Crisis of 1945

Brazil's support for the Allies, however, and the pro-Allies propaganda that flooded the country, necessarily highlighted the democratic ideals of the Allies and the dictatorial realities of Brazil. When it became clear that the Allies' cause would be victorious, pressure grew for the return of the country to democracy. In April political prisoners were released, including Prestes, who commented, "Getúlio is very flexible. When it was fashionable to be a fascist, he was a fascist. Now that it is fashionable to be democratic, he will be a democrat." The press became vocal, and censorship was relaxed. Support began to gather behind possible presidential candidates. Flexible as ever, Vargas yielded to pressure and declared that elections would be held in December 1945 for the presidency, the legislature, and state and local officials.

Support began to crystallize behind Brigadier Eduardo Gomes, the survivor of the 1922 revolt and now commander of the air force in the Northeast. Gomes was supported by former *tenentes* and by the opposition to Vargas organized as the National Democratic Union (União Democrática Nacional—UDN). Vargas realized the time had come to become a democrat, and he promoted the organization of two parties of his own supporters. The Social Democratic Party (Partido Social Democrático—PSD) was made up of upper status persons who had served in administrative positions under the dictatorship, while the Brazilian Labor Party (Partido Trabalhista Brasileiro—PTB) represented the unions sponsored by the regime. The two parties joined to support Vargas' choice, his minister of war, General Dutra.

Behind the scenes, however, Vargas was preparing to stay in office. He engineered a popular movement to demand that, instead of popular elections for president, a new constituent assembly be formed to draft a new democratic constitution (and also to elect Vargas to another term). In October Vargas moved up the date of state and local elections to December 2 and designated his brother, an unsavory character named Benjamín, chief of police of the Federal District. Many people realized what Vargas was doing and took action to thwart him. General Monteiro sounded out the officer corps and determined that there was solid opposition to any attempt by Vargas to remain in office. On October 29 General Dutra went to the palace and presented the president with an ultimatum: he would be removed by the army unless he withdrew his brother's nomination as Rio police chief. Vargas refused, thus guaranteeing that the next ultimatum, given the same evening, would be a demand that he resign. Convinced that resistance would be impossible, Vargas left for his ranch in Rio Grande do Sul. The military designated the chief justice of the

Supreme Federal Tribunal, José Linares, interim president until the president elected in the December elections could take office.

The Second Republic, 1946–64

A period of pluralistic political activity was initiated by the ousting of Vargas. It was characterized by competition among more than a dozen parties, a proliferation of interest groups, and an expanding electorate, although the lower classes, for the most part, remained disenfranchised by the literacy requirement for voting. Partially as a result of this antiquated electoral system, the large landowners who controlled the economic and political life of the rural areas also dominated Congress. Stalemates between this body and the president, whose constituency included urban middle- and lower class voters, provoked many of the political crises that developed between 1945 and 1964. For a time, the interests of the urban upper class that gained importance in the 1930s and the urban working class coincided, at least in terms of promoting industrialization; but this new upper class, less paternalistic and more materialistic than its rural counterpart, was equally resistant to reforms that did not offer it increased wealth and power.

The party system that prevailed from 1945 to 1964 was a legacy of the Vargas era. The PSD, a basically middle-class party in which landowners were the strongest element, and the PTB, representing organized labor and other lower income groups but with some leadership from elite elements from the Northeast and South, had been formed by supporters of Vargas. The government, during most of that period, rested on a tenuous coalition between the two parties. The UDN, representing primarily urban and industrialist anti-Vargas forces, was the strongest opponent of the coalition.

The PSD was the largest party, and during most of the period of democratic rule the UDN ranked second, but both parties steadily lost ground to the PTB. Meanwhile, a nationwide network of university student organizations and an outspoken body of worker-priests, inspired by the Christian social principles expounded in recent papal encyclicals, joined organized labor and sectors of the government bureaucracy in calling for basic socioeconomic reforms. By 1964 the political spectrum was largely polarized as the increasingly militant leftist nationalist movement confronted traditional and newly emerging economic interest groups.

President Eurico Dutra

Dutra's victory over Gomes was made certain by Vargas' endorsement. Dutra received 55 percent of the vote nationally; Gomes, 35 percent; and the candidate of the PCdoB, 10 percent. The major event of the 1946-51 period was the adoption of a new constitution. The Congress that was elected in 1945 served also as a constituent assembly and produced the fourth republican

constitution, which was promulgated in September 1946. The new constitution reintroduced the vice presidency, gave the vote to all literates over 18 years of age except for soldiers on active duty, established a five-year presidential term without immediate reelection, and gave each state three senators.

The PCdoB emerged from the 1945 elections as the strongest communist party in Latin America, including in its membership 14 congressmen and one senator (Luís Carlos Prestes). At that time, the international communist line of antifascist coalition with democratic forces was abandoned, and Stalin embarked on a new orientation of opposition to liberal and democratic forces. Apparently trying to purge the international movement of lukewarm party members attracted by the antifascist struggle but not completely dedicated to the primacy of the Soviet Union, Stalin appeared to have asked communist leaders in several countries to make their loyalty clear by announcing publicly that in the event of war between their own country and the Soviet Union, loyal Communists would fight on the side of the Soviet Union. Prestes made this declaration in March 1946, which was a gratuitous way of making the party unpopular, apart from the fact that the contingency it contemplated seemed highly remote. It had the effect of prompting the Dutra government to purge government employees known to be Communists. Nevertheless, the party did well in subsequent state and local elections.

The Dutra government finally decided to invoke a clause in the constitution that could be used to ban "anti-democratic" parties, and the PCdoB was declared illegal by the electoral tribunal in May 1947. The government went on to outlaw the communist union federation and replaced elected union officers with federal agents. In October 1947 the government severed diplomatic relations with the Soviet Union, and in 1948 Congress voted to remove Communists from any public offices to which they had been elected. The anticommunist turn in Brazilian policy, which was consonant with the developing cold war and the position of the United States, found its strongest supporters among the liberal constitutionalists, now strongest in the UDN, and among army officers strongly committed against the Communists, because officers had been killed in the attempted coup of November 1935.

Dutra's economic policy began with an attempt to return to a policy of free currency exchange and free trade. However, this rapidly exhausted the favorable foreign exchange balance that had been built up during the war period, and in June 1947 exchange controls were reintroduced. Without being intended by the administration, which seemed to have no coherent development policy other than a reliance on the free market, the shortage of foreign exchange gave impetus to the expansion of domestic industry, but it also contributed substantially to inflation. In turn, inflation and the expansion of the urban labor force led to a growth

in support for the political left. The PCdoB had been outlawed. Thus the beneficiary was the PTB, which in 1950 nominated the former dictator for president; the PTB did this in alliance with the Social Progressive Party (Partido Social Progressista—PSP). This latter party was essentially a personalist vehicle for Adhemar de Barros, the flamboyant populist governor of São Paulo, noted for his response to a heckler at an election rally: "Sure I steal; they all steal. But I build as well."

Before accepting the candidacy of the PTB and PSP, Vargas ascertained from the army commander in chief that the military would not veto his candidacy. He was told that the military would find him an acceptable candidate if he committed himself to respect the constitution and rights of the military. President Dutra engineered the nomination by the PSD of a little-known lawyer named Cristiano Machado from the state of Minas Gerais. The UDN again nominated Gomes, who campaigned against the pro-labor heritage of the Vargas regime, even advocating repeal of the minimum wage law. Gomes was also endorsed by the remnants of the former Integralista movement. Although the PSD officially supported Machado, many of the state PSD leaders still retained ties to Vargas and supported him. Vargas won in a landslide, garnering 48.7 percent of the total vote, while Gomes received 29.7 percent, and Machado, 21.5 percent. Vargas won one-third of his total popular vote in the state of São Paulo and the Federal District, indicating the heavily urban nature of his support.

Getúlio Vargas

The new administration was characterized by the ex-dictator's instinct for compromise and conciliation. His first cabinet included five members of the PSD and only one each from the PTB, the PSP, and the UDN. General Estillac Leal, a former *tenente,* was appointed minister of war. Adhemar de Barros was allowed to designate the new president of the Bank of Brazil, an important post for the São Paulo business community.

The government was soon beset with major economic problems. A decline in export prices meant that the cruzeiro was overvalued and that imports rose. A steady decline in the country's financial reserves forced the introduction of a multiple exchange rate system in January 1953. A joint economic development commission was set up between Brazil and the United States, under President Harry S Truman's "Point IV" program, leading to the creation in 1952 of the National Economic Development Bank. This was to set guidelines for major investment programs that would conform to the technical requirements of foreign lending institutions. At the same time, to avoid nationalist charges that he was selling out to foreign banks and international financial institutions, Vargas pursued a policy of economically nationalist gestures. In December 1951 he sent Congress a bill to create a public corpora-

tion possessing a monopoly on oil production. The bill passed in October 1953, thus creating the corporation known today as Petrobrás.

During the discussion over the creation of the oil monopoly, the fairly conservative majority in Congress was attacked from the left, which saw nationalism as a vehicle for the restoration of its popularity. The campaign slogan of the left was "the petroleum is ours" (O petróleo e nosso). To some extent Vargas pandered to this nationalist sentiment in speeches attacking "international trusts." In January 1952 the government decreed a limit on the amount of profit that could be taken out of the country by foreign corporations. The petroleum campaign helped to create a strongly nationalist public opinion.

The petroleum campaign and Vargas' other nationalist measures, together with cold war rhetoric, contributed to a polarization of opinion in the country among the former liberal constitutionalists (led by a young journalist, Carlos Lacerda), the UDN, and the pro-labor leftist nationalists (represented by Vargas and the PTB). The polarization spread to the military. Although nationalist sentiments were certainly present in the officer corps, the beginning of the Korean War in 1950 had strengthened the pro-American elements still loyal to the spirit of collaboration established between the United States and Brazil during World War II. Military sentiment was clearly reflected in elections for the presidency and vice presidency of the Military Club. All officers in the country could vote in these elections. In 1950 General Leal had been elected president, but in the elections of May 1952 Leal received only 4,489 votes against 8,288 cast for the conservative and pro-American slate headed by General Alcides Etchegoyen. Vargas had already seen the writing on the wall and in March 1952 had replaced Leal as war minister with the conservative General Espíritu Santo Cardoso.

Meanwhile, economic problems mounted. A severe frost reduced the coffee crop; this sent prices up, but volume was so reduced that even with the increased prices, income from sales fell. The sudden increase in prices caused ties with the United States to deteriorate. Relations were in poor shape in any case; Dwight D. Eisenhower had replaced Truman, and foreign economic assistance was given much more reluctantly by the new administration. It became necessary for Vargas to put through an economic stabilization program to reduce inflation, which meant a limit on wage increases. In order to protect himself from left-wing attacks, Vargas intensified the nationalistic content of his speeches. This also reflected his frustration at the restraints placed on his freedom of action by international financial institutions.

Economic problems led to political problems. In early February 1954 a memorandum prepared by junior officers but signed by 42 colonels and 39 lieutenant colonels was presented to the minister

of war and leaked to the press. The memorandum protested the deterioration of army equipment, armaments, and pay resulting from the government's attempt to exercise budgetary restraint. There was a lack of opportunities for promotion, hence demoralization, and according to the memorandum the weakened state of the army would doubtless strengthen the attempts of communists to propagandize enlisted men and subvert the nation generally. In other words, the officers wanted more money.

The memorandum seemed to come as a surprise to Vargas who, at age 72, seemed not to be as alert or politically able as in the past. During the same month Labor Minister João Goulart (known as Jango) recommended to the president an increase of 100 percent in the minimum wage to compensate workers for inflation. Vargas asked Goulart to resign, mainly because he had become a focus of right-wing attacks on the president, and Vargas felt that he needed to ease the pressure from that quarter. Goulart had been depicted in the right-wing press as the spearhead of a sort of Brazilian Peronism, Juan Perón of Argentina being at the time the bête noir of liberal constitutionalists everywhere.

The anti-Vargas forces saw an opportunity in the colonels' memorandum, and they began to cultivate opposition in the armed forces to the *getulistas* (from Vargas' first name, Getúlio), working toward the possibility of a coup. Carlos Lacerda continued his bitter attacks on Vargas in the press. Vargas, realizing that his sacrifice of Goulart had not immunized him from right-wing attack, changed course and attempted to build up support on the left. On May 1, Labor Day, he announced his acceptance of Goulart's recommendation for a 100 percent increase in the minimum wage. Employers were furious and attempted unsuccessfully to fight the decree through the court system. But even so, left-wing support for Vargas was not wholehearted. The PCdoB, for example, was ambivalent about Vargas, supporting his pro-labor position but opposing his attempts to maintain good relations with the United States.

Matters came to a head when officers in the president's personal guard, egged on by Vargas supporters, decided it would be a favor to the president to assassinate Lacerda. In an ambush in Rio, Lacerda was injured, but his companion, an air force major, was killed. The attempt played perfectly into the hands of the opposition. Lacerda was able to play the hero's role, and his attacks on Vargas in the press and on the radio intensified. Gomes, the UDN's former presidential candidate and a former air force officer, easily mobilized air force demands for Vargas' resignation, especially after the air force's own investigation uncovered the link to the president's guard. The person who had hired the gunman was the head of the guard, who said that two leading Vargas supporters, an ex-governor of the Federal District and a member of the Chamber of Deputies, were the true instigators. Further investigation of the

presidential staff revealed cases of corruption and improper activities; Vargas became increasingly depressed, as intimated in his widely quoted remark, "I have the feeling I am standing in a sea of mud."

Twenty-seven army generals issued a manifesto asking Vargas to step down. Demands for the president's resignation reached the point that his minister of war, a strong supporter, reluctantly told the president there was no alternative to resignation. Vargas had earlier told his opponents, "I am too old to be intimidated and I have no reason to fear death," and on August 24, 1954, he committed suicide rather than resign.

The Interregnum

Vargas' suicide electrified the nation and turned opinion completely against those who had opposed him. Lacerda went into hiding and soon left the country entirely. Delivery trucks of opposition newspapers were burned, and mobs assaulted the United States embassy. Much of this violence came in response to the suicide note left by Vargas, which deliberately took a strongly leftist and nationalist position. Some doubts have been expressed about the note's authenticity, although most observers accept it as Vargas' own. The note, which significantly was addressed to Goulart, blamed international economic interests, foreign enterprises, and national groups allied with them as the forces that drove him to suicide. It movingly told the Brazilian people "I gave you my life and now I offer my death." The note concluded, "I leave life to enter history." The political reaction to the suicide prevented the *getulista* opposition forces from capitalizing on the president's death, and Vice President João Café Filho was sworn in as president. Café Filho was rather more conservative than Vargas, however; he included in his cabinet some figures associated with the UDN, especially a finance minister who supported orthodox economic and financial policies.

The elections of October 1955 precipitated a new crisis. Although the president and vice president ran separately, there was a ticket system under which presidential and vice-presidential candidates generally campaigned together. For the election of 1955, the two parties founded by Vargas, the PSD and the PTB, formed a coalition consisting of Juscelino Kubitschek, the governor of Minas Gerais, as the PSD candidate for president, and João Goulart as the PTB candidate for vice president. The anticommunist elements of the military and middle class were furious at the candidacy of Goulart, whom they regarded as the leader of left-wing infiltration.

The UDN and the small Christian Democratic Party (Partido Democrático Cristiano—PDC) nominated Juarez Távora as their presidential candidate. Távora, a former *tenente* and collaborator with Vargas, had subsequently broken with Vargas at the time of the proclamation of the Estado Novo and had been active in the

conspiracy that led to Vargas' suicide. The situation was complicated by the candidacy of Barros, the populist leader of São Paulo, and of Plínio Salgado, the fascist leader. Feelings ran high during the election. The anticommunists, frustrated because Vargas' suicide had denied them the power that his overthrow would have brought, concentrated their fire on Goulart. Goulart, a vacillating left-wing opportunist, was depicted as the Kremlin's leading Brazilian agent. In the election, Goulart won the vice presidency with 40 percent of the vote; Kubitschek won the presidency with 36 percent of the vote to 30 percent for Távora, 26 percent for Barros, and 8 percent for Salgado.

The narrow margin of victory encouraged the right wing. Lacerda again went on the attack, launching a virulent campaign that called on all true patriots to put a stop to the communist attempt to seize Brazil by preventing the inauguration of the elected president and vice president. Ironically, it was the UDN, heir of the liberal constitutionalist tradition, that was calling for a coup, while the two parties begun by the dictator Vargas represented constitutional legitimacy.

The war minister, General Henrique Teixeira Lott, made clear that regardless of personal political feelings, he would stand by the constitutional rules and would not countenance any attempt to interfere with the inauguration of Kubitschek and Goulart. On November 1 Colonel Jurandir Mamede, one of the authors of the "Colonel's Manifesto" of February 1954, made an inflammatory speech calling for a coup. Lott decided that Mamede had exceeded the permissible bonds for an officer on active duty and should be disciplined. Because Mamede was on the staff of the Superior War College (Escola Superior de Guerra—ESG), he was under the direct authority of the president rather than that of the war minister, and the president had to make the decision.

On November 3 Café Filho suffered a heart attack and was hospitalized. The president of the Chamber of Deputies, constitutionally next in the line of succession, was Carlos Luz, a member of the PSD from Minas Gerais but an opponent of Kubitschek; he was sworn in as interim president. On November 9, at Luz's first cabinet meeting, Lott requested that the president authorize disciplinary action against Mamede. Luz refused, whereupon Lott submitted his resignation. Realizing that this would make possible a coup to prevent the inauguration of Kubitschek and Goulart and concluding that Luz had led him to resign to facilitate such a coup, Lott mobilized the army command in Rio before his resignation was made public and on November 11 staged his own "preventive" coup.

Luz was deposed as president, and the Chamber of Deputies voted to install the next in line of succession, Nereu Ramos, the presiding officer of the Senate. The vote was along party lines, the PSD and PTB voting in favor and the UDN, against. Subsequently,

Congress refused to allow Café Filho to resume his presidential powers when he was released from the hospital on November 21. Instead, it approved state of siege powers for the Ramos government—essentially a facade behind which the military and Lott were in command—until the new president could be inaugurated.

President Juscelino Kubitschek

Elected with little more than one-third of the vote and opposed by an important segment of the military and political establishments, the future of the Kubitschek administration seemed dim indeed. Kubitschek, however, was to become one of only two freely elected presidents to complete their terms in the half-century following the subversion of the First Republic (the other being Dutra). The new president was a physician who had served as mayor of Belo Horizonte and then as governor of Minas Gerais, where his administration was notable for its construction of public works. One of the factors of Kubitschek's success was his warm and gregarious personality. Another was his flexibility and political skill. A third was his economic program, which was designed to avoid conflict by accelerating the rate of economic development so that all sectors would benefit. He published a "Programa de Metas," a program of objectives that promised "fifty years' progress in five," and there can be no doubt that the economy grew rapidly during his term. Industrial production grew 80 percent at constant prices, with a gross domestic product (GDP— see Glossary) per capita growth rate of 4 percent, substantially greater than any other country in Latin America. By 1960 there were 110,000 industrial establishments employing 1.8 million people.

Before Kubitschek, the basic alternatives of economic policy had been either to attempt to develop national industry by raising a protective tarriff wall and keeping out foreign goods or to follow a regime of free trade. It was Kubitschek's great contribution to Brazilian economic policy, one that has been followed by most governments since his time, to devise a third strategy. This has been called by its opponents "associated" or "dependent" development. It consists of developing Brazilian industry in conjunction with foreign capital, combining a nationalist and developmentalist emphasis with an openness to the world economic system (see Growth and Structure of the Economy, ch. 3).

The legal basis for this approach was found in the Instruction 113 of SUMOC, which dated from the Café Filho administration. SUMOC (Superintendency of Money and Credit) was the monetary board, and Instruction 113 gave preferential treatment to foreign investors who would bring into the country industrial machinery and equipment to develop industries in conjunction with Brazilian capital. In attracting foreign capital, Brazil possessed an advantage that other countries did not share: a colossal

internal market and a wealth of raw materials waiting to be tapped, not to mention wage rates below those of most developed countries.

Typically, Brazilian administrations chose a major project as their legacy to the country. Kubitschek's pet project, and his other great achievement beyond forming the basis for Brazil's future economic development, was the construction of a new capital in the interior of Brazil. This had been a project mooted since the 1820s; in fact, the name *Brasília* had been coined by José Bonifacio under the empire, and the constitution of 1891 had mandated the building of a new capital. It fell to Kubitschek to realize that old dream. A site was selected in the state of Goiás on an unpromising plateau, and Kubitschek commissioned architect Oscar Niemeyer and city planner Lucio Costa to draw up the plans.

In line with the general "developmentalism" of Kubitschek's policies, the building of the new capital was designed to open up an unsettled area of the country and to develop agriculture along the highways that would spring up between Brasília and the major cities of the country. The construction of the capital would also make available hundreds of contracts that could be spread around, thus building up the president's support, just as the attraction of foreign investors who had to have Brazilian associates would make available new opportunities for Brazilian industrialists.

Meanwhile, the military was also pampered with pay increases and new weapons, including a former British aircraft carrier. Moreover, Kubitschek built close relations with the United States, which undermined anticommunist attacks against him; he also closed the Rio dockworkers' union on the charge that it was a communist front organization. American investors were treated well. At the same time, the government closed down Lacerda's *Tribuna da Imprensa,* which had gone so far as to say that the Kubitschek government was dominated by traitors. Goulart got into the spirit of things and made a visit to the United States in which he protested his own anticommunism. The fall of Perón in Argentina had weakened somewhat the identification between Goulart and Perón that the right-wing press had tried to build up.

In addition, Kubitschek established a special agency to try to develop the country's most backward area, the drought-ridden Northeast. This was the Superintendency for the Development of the Northeast (Superintendência do Desenvolvimento do Nordeste—SUDENE). He also proposed the so-called Operation Panamerica, which would be a United States-financed Marshall Plan to develop Latin America. No one took this seriously until President John F. Kennedy proposed his own Alliance for Progress, by which time Kubitschek had already left office; nevertheless, Kennedy acknowledged the inspiration of Kubitschek, among others.

It was too much to expect that a headlong development program, including something for everybody, could be implemented with-

out inflation. The building of Brasília proved extremely costly, and all attempts to stay within the budget were abandoned as the pressure rose to complete the new capital before the end of Kubitschek's term. The government ran up an enormous budget deficit and resorted to foreign borrowing in order to overcome a chronic balance of payments crisis. Kubitschek attempted to secure International Monetary Fund (IMF—see Glossary) support for a stabilization program that would reduce inflation. IMF approval of such programs was critical in assuring foreign lenders of a government's creditworthiness. However, the IMF's demands for a deflationary policy were drastic, and their implementation would have made the government extremely unpopular. Kubitschek, therefore, rejected the IMF demands, winning popular acclaim but allowing inflation to worsen.

As Kubitschek's term of office neared its end, the political panorama was murky. Kubitschek remained a popular figure. The economy had grown during his term, as had the population, now at the 70 million mark. The new capital had been built and inaugurated before his term of office expired. Industry had expanded, and foreign investment had grown. At the same time, inflation had gotten out of hand, and corruption had become widespread. The voters were disillusioned with politicians who promised a great deal but did better for themselves than they did for constituents. In a dramatic demonstration of this alienation from the political system, in 1959 voters in the city of São Paulo elected a rhinoceros from the city zoo as municipal councilman.

It was in this atmosphere that the UDN, tired of losing presidential elections saw its chance. In 1960 it nominated for president Jânio Quadros, an independent politician who had been a popular mayor of the city and governor of the state of São Paulo. A melodramatic political entrepreneur and impassioned orator, Quadros stood for ruthless honesty, financial orthodoxy, and an independent foreign policy. Enjoying the all-out support of Lacerda, he won 48 percent of the 11.7 million votes cast. The unsuccessful candidates were Lott and Barros. Lott, an undistinguished campaigner, had been nominated by the PSD and PTB, partly in gratitude for his having assured the inauguration of Kubitschek, partly because of his prestige in the military, and partly because of his reputation as a nationalist; he received 28 percent of the vote. Barros, heading his own personalist party, won 33 percent. Quadros beat Barros in São Paulo state by almost two to one, repeating his earlier feat of beating the aging populist leader for the governorship. Goulart was again elected vice president.

Political Dynamics under the Second Republic

To understand how a politician, without the support of a major party and without high military rank or personal wealth, could go all the way to the presidency of the country, one needs to

understand the peculiar dynamics of Brazilian politics under the Second Republic. For executive positions, such as mayor or governor, several parties might run candidates, but the field still was a limited one. For legislative elections, however, such as those for the state legislatures or the federal Congress, a complex version of proportional representation was in effect.

Each party presented a complete slate for all of the positions to be filled. (During the period there were generally a dozen or so active parties; 15 parties were legally registered at the national level in 1950.) Thus, in São Paulo in 1958, for example, 895 candidates were entered on 12 party lists for 75 seats in the state chamber of deputies. The state's 44 seats in the federal Chamber of Deputies were contested that year by 253 candidates, registered on eight party lists. During the same election in the state of Guanabara (the former Federal District, now the state of Rio de Janeiro), the 17 seats for federal deputy were contested by 108 candidates.

These candidates all ran at large throughout the state. That is, the voter had to designate the individual candidate he or she wished to support for the office in question; in other words, the voter had to choose a candidate not only from the parties competing against each other but also from among the list of candidates put up by a party. The votes won by all the candidates running on the same party list were then totaled, which gave the official vote for that party. The seats available were divided among the parties on the basis of proportional representation. The seats won by each party were in turn allocated among the candidates for that party in descending order of the votes won by each.

Under this system a candidate for legislative office competed not only against candidates of other parties but also against candidates from his own party. A premium was thus set on the ability to get across to the voter the name and characteristics of the individual candidate. Money, under this system, was extremely important in mounting a highly visible propaganda campaign. But candidates also had to distinguish themselves through dramatic oratory or through striking, even bizarre, political behavior. Given the fact that votes cast for an individual legislative candidate were added to a party total and could help elect others on the party list, parties customarily shopped around for popular individuals to serve as candidates in order to benefit from this "coattails" effect.

Quadros had begun his career as a school teacher and had never had major financial backing. In his early years on the São Paulo city council he had called attention to his humble beginnings in dramatic and eye-catching ways. One gimmick was to pull a sandwich out of his pocket and eat it during the city council session, thus signaling that he was not willing to waste the time or money to indulge in the expensive lunches favored by his colleagues.

Quadros was thoroughly populist in style, always willing, even as mayor and later as governor, to talk to the most humble constituent. He frequently appeared in public without a tie, and he traveled about the city by public transportation rather than by limousine. His oratorical style, likewise, was designed to appeal to the masses rather than to the intellectual elite. But while populist in style, Quadros' policies were, in content, of a middle-class "good government" tendency; that is, he displayed no inclination to promote change in the social structure. Quadros was scrupulously attentive to honesty in the handling of public funds, economical in spending, demanding of a full day's work from public servants, and keen on balancing the budget. His victory was welcomed, therefore, by the Brazilian middle class, by the international financial community, and by the United States government, hopeful that he would put Brazil's finances on an even keel after the inflation of the Kubitschek years. The honeymoon, however, turned out to be brief.

Jânio Quadros as President

Quadros moved full speed ahead to reestablish Brazil's finances on an orthodox basis. In his inaugural address, he referred to the country's financial situation as "terrible." A large sum was due on the foreign debt, payable within one year. A huge federal deficit was in prospect, and exports did not promise to bring in the needed foreign exchange. Moving quickly, Quadros devalued the cruzeiro by 100 percent and raised US$2 billion in foreign funds, refinancing the foreign debt he had inherited. The price for the reestablishment of confidence in Brazil's finances with international institutions was, of course, a domestic economic stabilization program. Subsidies on consumer goods were eliminated or reduced, the government deficit was cut, wages were frozen, and credit was sharply restricted.

These policies provoked considerable public opposition, although there was a general feeling that something had to be done and it was bound to be unpleasant. The new president's policies were especially unpopular among bureaucrats and politicians. The inflexibility Quadros showed on financial matters was carried over into his supervision of the bureaucracy. He terrorized civil servants by showing up at offices at the beginning of a working day to see if all were at their desks. Government agencies dragging their feet about moving to the raw chaos of Brasília from the delights of Rio were made to understand that they had better move—or else.

Members of Congress resisted the financial stabilization measures that were certain to make them unpopular. Moreover, many legislators were concerned that President Quadros' drive against corruption might involve them personally.

In foreign policy, Quadros exasperated some conservative supporters by resolutely taking a Third World line, publicly attacking

imperialism and redirecting Brazilian foreign policy toward greater independence than it had ever shown in the past. Quadros established economic relations with the Soviet Union and East European states, implementing an agreement signed under the Kubitschek administration. He even took the occasion of a stopover made in Brazil by Ché Guevara, the Cuban minister of industries, to award Guevara Brazil's highest decoration, an act that infuriated anticommunists in Brazil and abroad.

It was in the area of relations with Congress that the final crisis came. Congress was reluctant to go along with any further unpopular economic measures. Quadros, impatient by temperament and sure of his own correctness, was known to admire the strength and independence then being shown by France's Charles de Gaulle under the constitution of the Fifth Republic. Lacerda, the destroyer of Vargas, was governor of Guanabara, but he continued making inflammatory radiobroadcasts. On the air he charged that Quadros' justice minister was planning a coup that would make Quadros a Gaullist-style dictator. Quadros had indeed asked Congress to give him emergency powers to legislate by decree, powers that he claimed were made necessary by the economic crisis, but Congress had refused to do so. On the day following the airing of Lacerda's charge, Quadros sent to Congress his resignation as president.

It may have been that Quadros had simply become discouraged by the problems he was facing and that the broadcast by Lacerda was the last straw. The most credible interpretation of the resignation, however, is that he expected Congress to decline the resignation and instead to give him the full powers he had requested. President Gamal Abdul Nasser of Egypt and Prime Minister Fidel Castro of Cuba had used the same tactic. Quadros himself had used it before, resigning his candidacy for the presidency until the parties supporting him made clear that he would not be bound to any commitment to them if he resumed his candidacy. In this case, however, if that was his intention, Quadros had miscalculated. Congress was delighted to have his resignation, which it accepted with alacrity.

The Crisis of 1961

The thesis that Quadros expected that Congress would refuse his resignation, or would change its mind and recall him to power, is strengthened by the fact that he knew that Vice President Goulart was less acceptable to Congress and far less acceptable to the military than he, despite the fact that Goulart had been elected with 40 percent of the votes cast. Goulart had been feared by the economic elite since his period as Vargas' minister of labor. Their fears were aggravated by the coincidence that, at the time of Quadros' resignation, Goulart was on an official visit to China, sent by Quadros to try to establish economic relations. There were

those, including several governors of major states, who urged Congress to refuse Quadros' resignation. But Quadros had prepared no organization that might have moved to demand his return. Moreover he had alienated too many important people for the political class as a whole to be sorry that he had left power.

In the minds of those opposed to Goulart but unwilling to have Quadros recalled, an alternative existed. This was to accept Quadros' resignation but to prevent Goulart from assuming the presidency. When the Chamber of Deputies accepted Quadros' resignation, Ranieri Mazilli, presiding officer of the chamber, was sworn in as acting president. On August 28, 1961, Mazilli sent a message to Congress stating that the military ministers in the cabinet regarded Goulart's return to the country and assumption of the presidency as inadmissible for "reasons of national security." The hope of the military ministers and other conservatives, apparently, was that Congress would act as it had done in November 1955, when it had gone along with Lott's preventive coup by removing acting president Luz and allowing the president of the Senate to succeed as interim president. There were differences between the two situations, however: in the first place, in 1955 Luz had been suspected of complicity in a conspiracy to prevent the constitutional succession of Kubitschek; in the present situation, the military ministers were the ones attempting to prevent a constitutional succession. In the second place, Lott's action in 1955 had been in favor of the candidate of the PSD-PTB coalition, the majority in Congress; in this instance, Mazilli's request was against the interests of the leaders of the PTB. The attempt to prevent Goulart's accession to the presidency thus had neither constitutional arguments nor a congressional majority in its favor.

Congress, unwilling to yield to military pressure and countenance a rupture of legality but not necessarily enthusiastic about the prospect of a Goulart presidency, came up with a compromise proposal that would also have the merit, from their point of view, of strengthening the powers of Congess. This was to let Goulart be inaugurated but to create a parliamentary system under which the president's powers would be greatly reduced; Goulart would be chief of state, but the head of government would be a prime minister responsible to Congress. This was a proposal that had been around for some time and that had wide appeal among the legislators.

It soon appeared that the military ministers had gone too far. The governor of Rio Grande do Sul, Leonel Brizola, who happened to be Goulart's brother-in-law, hastened to organize support for Goulart's inauguration. Able to appeal to a long tradition of *gaúcho* defiance of the central authorities, Brizola organized mass demonstrations in support of Goulart's accession to power. A national chain of radio stations sprang up to promote pro-Goulart sentiment throughout the country. Brizola even had several ships

sunk in order to block the entrance to the harbor of Pôrto Alegre, the capital of Rio Grande do Sul, so that the national military command could not send ships to halt the pro-Goulart movement. Brizola also mobilized the state militia for combat, which forced the military leaders to reconsider very seriously the risks involved in seeking to block Goulart's presidency.

Lott issued a statement calling for Goulart's inauguration in keeping with the letter of the constitution and was promptly arrested. But the key factor in turning the tide in Goulart's favor was the announcement of General Machado Lopes, the commander of the Third Army, stationed in Rio Grande do Sul, that he would take orders only from Goulart as constitutional president. The ministers of the three armed services then realized that Goulart's supporters were willing to go to actual combat. Rather than risk division of the military and civil war, the ministers yielded. On September 2, 1961, Congress adopted an amendment establishing a parliamentary system, and on September 7 Goulart was sworn in as president.

The Presidency of João Goulart

Goulart held the presidency for 30 months. For the first 16 months he served under the parliamentary system, which drastically limited his powers. His primary objective during that time was to secure another constitutional amendment to restore the presidential system. During that first period, therefore, Goulart sought to allay the suspicions of his conservative detractors that he would be too leftist, procommunist, or irresponsible. He journeyed to the United States for a meeting with President Kennedy, he condemned Castro's increasing identification with the world communist movement, and he emphasized the need to end inflation and restore Brazil's financial health. At the same time, he pointed out that the parliamentary system was not working. The performance of the parliamentary system, in which a divided Congress was able to block the work of a weak cabinet, was clearly inadequate for confronting Brazil's growing economic problems.

Meanwhile, the forces that had attempted to prevent Goulart's inauguration, defeated though they were on that occasion, had not given up the struggle. Lacerda resumed his old role as tribune of the right and destroyer of presidents. Elements within the military continued to plot, resolved to be better prepared on the next occasion than they had been in 1955 and 1961. Their attitudes were influenced by the growing anti-leftist sentiment in the United States and elsewhere. The frustration of the United States with Castro's revolution had led to a grim determination that a similar chain of events would not be allowed to happen again in Latin America. A meeting of the Organization of American States (OAS) at Punta del Este in Uruguay voted by a bare two-thirds majority to suspend Cuban membership in the OAS. Brazil's

foreign minister, San Tiago Dantas, abstained, thereby helping passage of the vote.

It seemed to the policy makers in Washington that Brazil was ripe for a "communist takeover." Dean Rusk, the United States secretary of state, later told the acting Brazilian foreign minister that there had been pressures from within the United States government to intervene in Brazil at the time of the resignation of Quadros. Some United States officials, including Ambassador to Brazil Lincoln Gordon, expressed fears that Goulart himself might eventually deliver Brazil into Moscow's hands. Others were concerned not so much about Goulart's intentions as about his tolerance of the radicalizing activities of others. Among the radical figures most feared in Washington were Francisco Julião, a lawyer who was helping to organize the peasant leagues to defend the interests of rural workers in the Northeast, and Governor Brizola of Rio Grande do Sul. Brizola had already shown his capacity for organization and leadership by spearheading the movement that had ensured Goulart's accession to the presidency. He alarmed foreign investors by expropriating the installations (not the shares) of the Rio Grande do Sul telephone company, a subsidiary of International Telephone and Telegraph (ITT). ITT indignantly rejected as inadequate the compensation offered by Goulart. Various agencies of the United State government made contact with the Brazilian opposition to Goulart, looking toward the day of the next crisis.

Goulart's political strategy to demonstrate the inability of Congress to take the action necessary to deal with the country's economic crisis and to project himself as a progressive, moderate, and farsighted statesman was generally successful. The first prime minister under the parliamentary system was Tancredo Neves of the PSD, who had served in Vargas' last cabinet. The Neves cabinet was based on a coalition of the PSD and PTB, the two parties founded by Vargas and intermittently in alliance since that time. Food shortages in the Northeast and pressure for land reform led to disorders, however, including the raiding of shops and grain storage warehouses. These pressures caused the PSD, which to a large extent represented large rural property holders, to break its alliance with the PTB and side increasingly with the business-oriented UDN. This prompted Neves to turn in his resignation.

Goulart then nominated as prime minister Dantas, who as foreign minister in the Neves cabinet had refused to vote for or against the suspension of Cuba from the OAS. The Chamber of Deputies rejected the nomination of Dantas, despite the fact that unions had threatened to strike if his appointment were not confirmed. Goulart then polled congressional leaders to find out who would be able to command a majority and came up with the name of the president of the Senate, Mauro de Andrade of the

PSD. This time, however, it was Goulart himself who made his own nominee withdraw after refusing his consent to the cabinet members Andrade proposed.

The stalemate passed from Congress to the streets as a general strike was called in Rio de Janeiro and other leading cities. Riots erupted, and food stores were looted in Rio, but Goulart quelled the disturbances by calling labor leaders to Brasília and convincing them to end the strike. For its part, the army went on alert and General Amaury Kruel, chief of the president's Military Household (Casa Militar), proposed a coup and the closing of Congress (see The Executive, ch. 4).

The left, and even some of the military leaders, wanted to advance the date for the plebiscite on the continuation of the parliamentary system to coincide with the congressional elections scheduled for October 7, 1962; the constitutional amendment establishing the parliamentary system had foreseen 1965 as the plebiscite date. Former President Kubitschek, who was interested in running again for the presidency, threw his prestige into the campaign for an earlier plebiscite to attempt to break the political deadlock. This counterbalanced the campaign of Lacerda and the right wing of the UDN to continue the parliamentary system.

These difficulties served to persuade Congress to approve a new prime minister acceptable to Goulart, Fernando Brochado da Rocha of the PSD, a deputy from Rio Grande do Sul who had been a member of Brizola's state cabinet. The Rocha cabinet resigned after two months, however, partly over disagreements concerning the plebiscite and partly because of Rocha's reluctance to act on the request of the minister of war, General Nelson de Melo, that the Commander of the Third Army in Rio Grande do Sul, General Jair Dantas Ribeiro, be disciplined. General Ribeiro had sent a telegram to the president, the prime minister, and the minister of war stating that he could not guarantee the maintenance of order if there were a popular revolt in reaction to Congress' refusal to move the plebiscite up to October.

The succession of weak, short-lived cabinets finally prompted Congress to vote for a plebiscite on January 6, 1963. In the plebiscite the electorate voted overwhelmingly to end the parliamentary system and return full power to the presidency, thus strengthening Goulart's position immensely. His political position had also been strengthened during the congressional elections of the previous October. These were bitterly fought battles, revealing increasing ideological polarization. The left scored some gains, but Congress continued to be dominated by politicians of the center. A big bonus for Goulart, however, was the defeat of Quadros, who had returned from an extended trip abroad to run for governor of São Paulo as the first step in reestablishing his political career. Quadros was beaten by the veteran populist Barros, whom Quadros had previously beaten for both governor and president.

During the first half of 1963, Goulart made a serious attempt to stabilize the economy and to deal with the country's other pressing problems, building on the program of Dantas as finance minister, Hermes Lima as foreign minister, and Celso Furtado—who was viewed by some United States officials as a radical leftist—as minister without portfolio for economic planning. That program as outlined in the "three-year plan" drawn up by Furtado seems in retrospect to have embraced internal contradictions, however. What was proposed was to reduce the rate of inflation, which had reached 52 percent during the previous year; regain the annual rate of growth of 7 percent in real terms reached under Kubitschek; and at the same time put through structural reforms, including the redistribution of land, the implementation of a progressive tax structure, and the granting of voting rights to illiterates and enlisted men in the armed forces.

In the attempt to carry out this program, the government unified exchange rates, devalued the cruzeiro, and terminated subsidies on wheat and oil imports. Aid was secured from the United States, but it was contingent on the implementation of a tax reform and financial stabilization program. The IMF had also set a series of conditions that Brazil was to meet before it received the full amount of the aid. The policies adopted failed to achieve their stabilization objectives while managing to alienate almost everyone.

The end of subsidies and the unification of interest rates led to a rise in the prices of articles of basic consumption, such as transportation and bread. The restriction of credit led to a downturn in industrial activity and an increase in unemployment. Meanwhile, foreign investors and their local allies were angered by a new law placing limits on the repatriation of profits. The finance minister had committed the government to hold the level of increase in civil service and military salaries to a maximum of 40 percent—below the rate of inflation, which threatened to exceed 60 percent for the year. Military dissatisfaction with salary levels, especially the erosion of differentials—the small gap that separated the pay of officers from that of enlisted men—was acute.

The escalating alienation of the military from the government was, of course, dangerous for political stability. The problem was intensified because radical nationalist views had been gaining strength among enlisted men and noncommissioned officers, raising the specter of insubordination within the armed forces. In May a sergeant addressed a rally in Rio de Janeiro, attacking the IMF and other "imperialist forces" and urging adoption of basic reforms. General Kruel, the war minister, ordered disciplinary action taken against the sergeant. Although Kruel was close to Goulart and represented a middle position within the officer corps, his professional concern for military unity and discipline

was forcing him to become committed against the left.

In an effort to reassure the international financial community and the United States government of the orthodoxy of Brazil's financial policies, Finance Minister Dantas negotiated a settlement in the expropriation of the American and Foreign Power Company that included favorable compensation terms. This proved irritating to the public because it came in the midst of the administration's attempt to hold down civil service salaries. The agreement was denounced on the left by Brizola and on the right by Lacerda, who was looking for his own place on the nationalist bandwagon.

Another issue inflaming tempers and polarizing opinion was that of agrarian reform, to which Goulart was politically committed. Agrarian reform was also contemplated in the Alliance for Progress and thus was assumed to be consistent with the approach of the Kennedy administration. The key problem for any agrarian reform project was that the constitution required the government to compensate in cash for any property expropriated.The huge cash requirements made any serious program impossible. The first step in a land reform program, accordingly, would have to be the amending of the constitution to make it possible to compensate in bonds for land taken. In March 1963 Goulart submitted a bill to amend the constitution in this way; it needed a two-thirds affirmative vote of the Congress but was rejected by a committee of the Chamber of Deputies in May.

By June it was clear that the "three-year plan" would not be realized. The cabinet yielded to pressure from the military and civil service and agreed to a 70 percent salary increase. Inflation for the year had already reached 25 percent, which had been Furtado's projection of the level it would reach by December. A team from the IMF left Rio unimpressed with the government's attempt to halt inflation.

Goulart nevertheless hesitated to commit himself to the leftist-nationalist line of policy his brother-in-law, Brizola, was urging. Although Furtado remained minister without portfolio, his planning ministry was dissolved. Dantas, seriously ill with lung cancer, was replaced as finance minister by Carlos Alberto Carvalho Pinto, the centrist former governor of São Paulo. Kruel was replaced as minister of war by Ribeiro; like Kruel, Ribeiro was a moderate sympathetic to Goulart.

The political and economic situation continued to deteriorate, and Goulart seemed incapable of reversing the tide. Although the cabinet had approved a 70 percent increase in military pay, Congress had not passed the appropriations bill. At the beginning of July, 2,000 members of the Military Club sent an ultimatum demanding passage of the bill within 10 days. The war minister imposed a mild disciplinary penalty on the president of the Military Club, but Congress at once passed the bill.

Inflation accelerated, and the government found that payments on the country's foreign debt over the next two years would amount to 43 percent of expected export revenue for that period. Goulart tried to back down on the amount of compensation promised to the American and Foreign Power Company. Word was circulated that Goulart planned to suspend payment on foreign debts. Meanwhile, the United States had adopted the so-called islands of sanity policy, whereby bilateral assistance was denied to the federal government while the United States Agency for International Development (AID) continued to support the projects of key state governments. The governors of the states most favored by this policy were, in fact, engaged in conspiracy against the Goulart government.

Noncommissioned officers and other enlisted men became increasingly militant in their demands for political rights. In September enlisted men in the marines, air force, and navy attempted a coup in Brasília. The issue that precipitated the revolt was a court ruling that enlisted men were ineligible to run for elective office, a ruling issued in response to the election of a leftist-nationalist sergeant to a legislative seat. Goulart attempted to use the incident to political advantage, requesting from Congress state of siege powers; the request, opposed by political leaders of both right and left, was denied by Congress.

Another issue that was contributing to unrest and polarization came to the fore in October. That was the fiercely anticommunist propaganda and extensive political activity spawned by a number of relatively new organizations of obscure paternity. The most notorious of these was the Brazilian Institute of Democratic Action (Instituto Brasileiro de Ação Democrática—IBAD), which had funded the campaigns of several hundred right-wing candidates in the 1962 elections. A congressional commission of inquiry that spent several months in 1963 investigating IBAD and other organizations found that IBAD and its subsidiary groups had been responsible for "a terrible and unprecedented process of electoral corruption." The commission was dissolved before IBAD's funding could be traced to its ultimate sources, but circumstantial evidence suggested that the sources were external. (In the 1970s American sources confirmed that the United States Central Intelligence Agency had been among its benefactors.) In October 1963 Goulart decreed the closure of its offices.

As Brizola and other militant leftist-nationalists extended and intensified their activities, Goulart seemed hesitant and indecisive. Reassured by his chief military advisers, Minister of Army Ribeiro and the chief of his Military Household, General Assis Brasil, that the army would remain loyal, Goulart moved to the left to undercut the appeal of Brizola, his chief rival for support on the left. In a mass rally in Rio de Janeiro on March 13, 1964, Goulart finally took decisive action, signing two nationalistic decrees. The

first nationalized all private oil refineries, the only part of the oil business not under the control of Petrobrás, the state oil monopoly. The second decree declared that underutilized properties above a certain size located within nine kilometers of federal highways, railroads, and irrigation projects were subject to expropriation. The president was thus using the traditional power of "eminent domain" to expropriate a limited amount of land, rather than waiting for an act of Congress, never likely to be passed, that would provide for a general land reform program.

Goulart's military advisers had been wrong about opinion in the armed forces. Many of the military officers who had conspired against Vargas and Goulart on previous occasions were still in place. Lacerda was still in the conspiracy business, along with governors of some of the other states. According to declassified documents in the Lyndon Baines Johnson Library in Austin, Texas, elements and agencies of the United States government and various United States corporations were involved in abetting the plans for a coup. When the anti-Goulart conspirators made their move, President Lyndon B. Johnson had an aircraft carrier and other forces standing by off the Brazilian coast near Santos, in case they needed reinforcement.

The event that was the catalyst for the coup was another mutiny, this time by sailors and marines protesting the arrest of a sailor who was trying to organize a labor union of navy enlisted men. The union was being organized around such demands as the right to marry and to wear civilian clothes when off duty. Goulart dealt with the situation by removing the admiral who was minister of navy and replacing him with a retired admiral suggested by labor union leaders. The new navy minister, Admiral Paulo Rodrigues, then ordered an amnesty for the sailors who had mutinied. Consequently, undecided military officers rallied to the anti-Goulart side. They had already been given food for thought by the circulation of a memorandum by General Humberto de Alencar Castello Branco, chief of the army general staff, summarizing the case against Goulart and urging military intervention.

Goulart spoke on March 30 to a meeting of noncommissioned officers, defiantly and impetuously associating himself with the cause of enlisted men's rights. The next day troops started to march on Rio from Minas Gerais. Unfortunately for the president, Minister of Army Ribeiro had just been hospitalized for surgery. Troops sent to counter the rebels put up little resistance. Calls for a general strike went unheeded, in part because many labor leaders had already been arrested by the conspirators.

The Military In Power

The Takeover

The revolt of March 31-April 2, 1964, was carried out swiftly and almost without bloodshed. The moves of the First, Second,

and Third armies to seize the machinery of government were supported by several state governors and most of the country's powerful economic groups. The president, unable or unwilling to mobilize any important sector of the nation in defense of the constitutional government, fled to Uruguay.

Military intervention promoted by a deadlock between a left-leaning president and a right-leaning Congress was by no means new in twentieth-century Brazil, but the outcome of that intervention was. Contrary to tradition and to the expectations of the civilian opponents of Goulart who cooperated in the takeover, the military officers who assumed control in 1964 did not turn over power to the civilian politicians. The president of the Chamber of Deputies, Ranieri Mazilli, next in line of succession according to the constitution, assumed the title of acting president, but the military's Supreme Revolutionary Command, comprising the commanders in chief of the three armed services, ruled.

The command set out immediately to eliminate from the political scene elements of alleged subversion and corruption and within a week of the coup had arrested more than 7,000 persons. The first of a series of sweeping decrees, designated Institutional Acts, was issued by the command on April 9. Among other items, Institutional Act Number 1 asserted the right of the command to suspend constitutional guarantees; to cancel the mandates of elected federal, state, and local officials; to remove political appointees and civil servants; and to deprive individuals of the rights of voting and holding office for 10 years. The constitutional requirement of direct election for the presidency was set aside, and on April 15, a purged Congress, in response to the demands of the heads of the three armed services, elected Castello Branco to fill Goulart's unexpired term.

The Castello Branco Government

President Castello Branco—who became a marshal on leaving active army duty—proceeded with what he termed the moral rehabilitation of Brazil. Within seven months his government had removed from office some 9,000 pro-Goulart civil servants and military officers and about 112 holders of elective office, including seven state governors, one senator, 46 federal deputies, and 20 alternates. Of the country's most influential political and intellectual leaders, 378 were deprived of their political rights (most, but not all, of these were left-of-center). Among them were former presidents Goulart, Quadros, and Kubitschek; PCdoB leader Prestes; peasant league leader Francisco Julião; economist Celso Furtado; architect Oscar Niemeyer; Pernambuco governor Miguel Arraes; Brizola; and Minister of Justice Abelardo Jurema. The campaign particularly decimated the labor and education ministries and the universities and brought the surviving labor and student organizations under tight military control.

In addition to the campaign for "moral rehabilitation," the Castello Branco government placed top priority on the control of inflation, changes in the electoral system, and the promotion of economic growth through the provision of incentives to foreign investors. The rate of inflation was reduced, and the gross national product (GNP—see Glossary) increased during Castello Branco's first year in office. These gains did not bring the government popularity with the general public, however, because wage freezes formed the basis of the austerity program, making the inequity in the distribution of income even more pronounced. Furthermore, the concessions to foreign enterprises ran counter to the wave of economic nationalism that had been building since the early 1950s.

The presidential election scheduled for October 1965 was postponed for a year, but the president, ignoring pressures from the so-called hard-line (*linha dura*) military officers, decided to proceed during that month with the election of governors and lieutenant governors of 11 of the then 22 states. The government maintained a veto over candidacies but otherwise pledged nonintervention in the elections. The results alarmed the armed forces. The winners in more than half of the states, including Guanabara and Minas Gerais, were opposition candidates supported by the PSD, the PTB, the PSP, or some combination of the three. Moreover, on the day following the election, former President Kubitschek returned to the country after 16 months of exile and was greeted with great public enthusiasm.

Although explaining away the outcome of such elections as largely determined by local considerations, the government turned to even stronger measures to insulate itself against opponents. The newly elected governors were allowed to assume office, but on October 27 the government issued Institutional Act Number 2, which proclaimed the president's power to suspend Congress and rule by decree, to assume greater control over government expenditures, and to ban all political activity on the part of individuals deprived of their political rights. The act increased the membership of the Supreme Federal Tribunal and the Federal Court of Appeals, offsetting the majority of judges appointed by Kubitschek and Goulart, and extended the authority of the military courts to include the trial of civilians accused of subversion (see The Judiciary, ch. 4).

More important, the act provided for the indirect election of the president and vice president by Congress and the dissolution of the existing political parties. In place of the old parties an official government party, the National Renovating Alliance (Aliança Renovadora Nacional—Arena), and an official opposition party, the Brazilian Democratic Movement (Movimento Democrático Brasileiro—MDB), were created.

Neighborhood in Brasília
Courtesy Embassy of Brazil, Washington

Institutional Act Number 3, which was promulgated on February 6, 1966, replaced the direct election of governors with indirect elections by state asemblies and eliminated the election of mayors of capital cities, substituting presidential appointees. The following months witnessed the issuance of a series of decrees, designated Complementary Acts, further limiting the authority of elected officials at all levels. During the same time, a number of important supporters, both military and civilian, defected from the Castello Branco government. The most important of these was the former governor of Guanabara, Carlos Lacerda; having concluded that the military was not inclined to respect his ambitions to become president, he proposed the formation of a broad opposition front including Kubitschek and his supporters. Meanwhile, clashes between the security forces and the National Union of Students (União Nacional dos Estudantes—UNE) and between the military authorities and the Northeast bishops, who issued a manifesto in support of rural workers, contributed to an atmosphere of crisis.

The MDB was nominally allowed to participate in the gubernatorial elections in 12 more states on September 3, 1966, but the election of Arena candidates, most of whom had been selected by Castello Branco, was assured because the government maintained its veto over candidacies, canceled the mandates of a sufficient number of MDB legislators in each state assembly to ensure an Arena majority, and ordered Arena legislators not to vote for

MDB candidates. It also established the revocation of political rights as the penalty for resigning in protest.

The futility of opposition thus established, the MDB decided not to run a candidate for the presidency; the unopposed Arena candidate, General Artur da Costa e Silva, was elected by Congress on October 3, 1966, without incident. The dismissal of six federal deputies on October 12, however, precipitated a new crisis, because the congressional leadership of both parties refused to recognize the cancellation of mandates. Castello Branco responded by recessing Congress until after the congressional elections scheduled for November 15 and proceeded with a new wave of cancellations of mandates.

In January 1967 a Congress composed of 254 Arena members and 150 MDB members in the Chamber of Deputies and 43 Arena members and 21 MDB members in the Senate, approved the 1967 Constitution, which expanded the powers of the presidency at the expense of Congress and further centralized public administration. It also passed a new law placing tight controls on the communications media (see Constitutional Structure, ch. 4).

President Artur da Costa e Silva

Costa e Silva was inaugurated as president on March 15, 1967. The predominance of the military in government was lessened somewhat for a time; one-half of his 22 cabinet members were civilians, and his references to "re-democratization" and the "humanizing" of economic policies gave encouragement to some who had opposed his predecessor. The death of Castello Branco in an air accident in July temporarily increased Costa e Silva's freedom to maneuver, and for more than a year he permitted a wider latitude of political activity.

The hard-liners among the president's advisers, however, had not capitulated. On December 13, 1968, after Congress refused to allow the government to try one of its members for criticizing the armed forces, Costa e Silva, through the Institutional Act Number 5, ordered Congress recessed indefinitely. The same Institutional Act asserted additional rights of intervention in states and municipalities, tightened press censorship, and suspended the guarantee of habeas corpus for those accused of political crimes. Another wave of arrests, exiles, job dismissals, and cancellations of mandates followed the promulgation of this act. Two hundred ninety-four more citizens, including Supreme Federal Tribunal justices, senators, deputies, mayors, military officers, and journalists, were deprived of their political rights, and the principal leaders of the MDB were placed under house arrest. Hundreds of students and professors were removed from the universities.

Since the inception of what it called a revolution in 1964, the military had effectively defused the potential opposition of civilian party politicians. By allowing some to participate while disqualify-

ing others and allowing those who cooperated to profit from the demise of those who did not, the military government had kept the opposition disorganized and disoriented. The most consistent and vocal opposition to the government until late 1968 came from student organizations and the progressive members of the Catholic clergy. But when virtually all traditional forms of political competition and expression of dissent had been de-legitimized, some persistent opponents of the regime, especially university students, formed urban guerrilla movements.

The boldest of the clandestine groups were the National Liberation Action (Açâo Libertador Nacional—ALN) and the Revolutionary Movement of October 8 (Movimento Revolucionario 8 de Outubro—MR-8), which derived its name from the date of the execution of Ché Guevara by Bolivian authorities in 1967 (see Threats of Internal Security, ch. 5). Their bank robberies and other activities designed to harass and humiliate the government and to acquire arms were paralleled on the right by vigilante groups, such as the Command for Hunting Communists and the so-called death squads.

The government announced in August 1969 that during the first week in September, Costa e Silva would decree amendments to the 1967 Constitution and reconvene Congress. On September 1, however, a triumvirate comprising the ministers of the army, navy, and air force assumed the powers of the presidency, announcing that Costa e Silva had suffered a "circulatory crisis with neurological manifestations." The three military commanders—General Aurélio de Lyra Tavares of the army, Admiral Augusto Rademaker of the navy, and Air Marshal Márcio de Souza e Mello—issued another Institutional Act giving themselves complete control over national security and related matters. They performed routine business "in the name of the chief of government," thus bypassing the civilian vice president, Pedro Aleixo. The reconvening of Congress was postponed indefinitely.

Three days after the triumvirate assumed control of the government, the United States ambassador, C. Burke Elbrick, was kidnapped by members of the ALN and the MR-8. The abductors issued a manifesto stating that the ambassador would be executed unless 15 political prisoners were released within 48 hours. After some delay and confusion the government bowed to the demands of the guerrillas, and on September 7 the prisoners were flown to asylum in Mexico. Elbrick was released unharmed that evening.

Immediately after Elbrick's release, the triumvirate declared the country to be in a state of "internal revolutionary war." More than 2,000 persons were arrested in Rio de Janeiro alone, and guarantees that had appeared in every constitution since 1891 against banishment, life imprisonment, and capital punishment were cast aside by decree. Former President Kubitschek was

placed under house arrest, although he was later allowed to travel to New York for medical care.

During the last two weeks of September 1969 and the first week of October, meetings took place almost daily among the upper echelon of the branches of the armed forces in preparation for the selection of a successor to the incapacitated and seriously ill Costa e Silva. In this procedure the military establishment functioned somewhat in the manner of a highly factionalized ruling party in a single party system. No civilian was considered eligible for the presidency or vice presidency or for a role in the selection process.

It was decided initially that only four-star generals would be eligible for the presidency, but eligibility was later extended to lower ranking generals and to the highest air force and naval officers. The preferences of 118 generals, 60 admirals, and 61 air force brigadiers were canvassed, but because the army was by far the strongest branch it was recognized that the opinions of the generals, and particularly of the 10 generals of the Army High Command, would weigh heavily in the final decision (see Army, ch. 5).

President Emílio Garrastazú Médici

On October 7, 1969, the High Command of the Armed Forces (Alto-Comando das Fôrças Armada—ACFA) announced the selection as presidential candidate of General Emílio Garrastazú Médici, commander of the Third Army and former chief of the National Intelligence Service (Serviço Nacional de Informações—SNI). Médici, who was to govern for five years, had served 42 years in the army but was little known by the public. The military triumvirate promulgated provisions that incorporated the numerous Institutional Acts and other decrees into the 1967 Constitution, which legitimized increased authoritarian rule. The Congress was reconvened from its 10-month forced recess to validate the selection of Médici and was then again recessed.

Some of President Médici's ambitions for his term in office were contained in a master plan entitled "Project Brazil: Great Power." In particular he sought—and in large measure achieved—dramatic increases in economic growth, expansion in the provision of technical training and of "moral and civic" education, expansion in governmental capabilities in the areas of intelligence and communications, and progress toward the physical integration of the country through the construction of the Transamazon and peripheral highway systems. Upon assuming office, he had pledged to leave democracy firmly installed by the end of his term. In early 1970, however, he explained that the pledge had been an expression of hope rather than a commitment and that in the meantime the president would retain extraordinary emergency powers.

Meanwhile, in late 1969 and in 1970, conflict had escalated between the Roman Catholic Church and the military over the issue of torture. The use of torture on political prisoners and the kidnapping of diplomats by guerrilla groups in order to free political prisoners appeared to reinforce each other. The arrests of some 4,000 persons in November 1970, the month when congressional elections were held, were condemned by the National Conference of Brazilian Bishops. The following month the Swiss ambassador was kidnapped and ransomed for the release of 70 political prisoners.

Elections posed no problem for the Médici government. In October 1970 gubernatorial candidates, personally selected by the president, were routinely ratified by the previously purged state legislatures. The congressional elections in November returned a heavy majority of Arena members. Congress became increasingly cooperative. In 1971 it approved 100 percent of the projects introduced by the executive.

Media censorship was tightened more each year, and regulations designed to control the flow of information proliferated. In November 1971 Médici issued a presidential decree authorizing the president to make secret laws. In August 1972 *O Estado de São Paulo,* the leading newspaper of that city, in a marked departure from the caution generally displayed by all of the communications media, questioned why the frequency of arbitrary arrests should be even greater at that time than at the height of the incidence of political kidnappings and other such revolutionary acts.

Elections continued to be held more or less on schedule. In fact, voting remained compulsory, and those who refused to participate were subject to severe penalties. Thus in the elections of November 15, 1972, voter turnout was higher than it had ever been, but blank or nullified ballots outnumbered valid ones, which by law invalidated the election. This produced some extraordinary electoral results. For example, in the city of São Sebastião de Lagoa de Roca, in Paraíba, an Arena candidate ran without opposition and lost; that is, there were more blank or nullified ballots than votes for the sole candidate. In various cities a significant number of votes were cast for "Sujismundo," a government-created cartoon character that represented a nationwide cleanliness campaign, and for a reputed international Mafia figure who had been arrested in Brazil. In Salvador, Bahia, a wildcat that had just escaped from the local zoo polled more than 5,000 votes, more than the candidates of both government and opposition parties.

Although censorship had spared the public from many categories of information, the media had not ceased to be an important vehicle for political communication. The government made extensive use of radio and television to identify the military leaders with

the Brazilian soccer team's victory in the 1970 World Cup competition, to disseminate patriotic oratory and symbolism in connection with the celebrations of the sesquicentennial of national independence that went on throughout 1972, and in general to provide the public with a sense of vicarious participation in the national prosperity, modernization, and progress toward great-power status that had come about since 1964.

In 1973 Médici expressed his evaluation of the accomplishments of the military government in the political sphere on the occasion of the ninth anniversary of the "Brazilian Revolution." "Uniformity in thought and action," he said, "is the principal reason for the speed and efficiency with which our country is being modernized and the bonds of solidarity between Brazilians are being forged."

On the issue of the selection of a successor to Médici in the presidency, such uniformity was encouraged by a strictly enforced ban on any mention of the topic until June 18, 1973. Médici then announced that General Ernesto Geisel would be the candidate of the government party. Geisel had been chief of the Military Household in the government of Castello Branco and more recently had served as president of Petrobrás. He represented a faction of relatively moderate and nationalistic officers, as opposed to the more rigidly authoritarian group that was also more favorable to foreign business interests. On January 15, 1974, the electoral college gave Geisel 400 of the 476 votes cast.

The MDB charged that the electoral college was a farce, for thousands of dissenters had been banned from any participation in politics. Twenty-one of the party's would-be electors refused to vote at all, maintaining that voting would signify going along with the farce. The remaining 76, however, agreed to participate in exchange for the right to express themselves more or less openly in an "anti-campaign." Speaking to the electoral college, MDB party leader and presidential "anti-candidate" Ulysses Guimaraes urged the government to do away with "unemployment, arbitrary arrests and persecution, police terrorism, torture, and violence."

The Economy under the Military Regime

During the first three years after the military seizure of power, Brazil's economic performance continued to be dismal by anyone's standards. Inflation and unemployment were high, growth and new direct investment low, and in response to the policy known as "constructive bankruptcy," nationally owned businesses were eliminated or sold off at a rapid pace.

Inflation was gradually dampened, however, through a cutback in effective demand. Demand was reduced through the pruning of social services, particularly those involving income transfer, and through wage freezes. Frozen wages, along with other indicators that the government had brought labor under control, eventually began to inspire the confidence of investors, particularly foreign

ones. Other measures, such as credit, tax, and tariff policies, commonly favored foreign businesses over domestic ones, and limitations on the repatriation of profits were lifted. By 1968 the transnational corporate community had gained confidence in the Brazilian system.

Spurred by massive foreign investment, Brazil in 1968 entered a phase that came to be known as the "economic miracle." The miracle was reflected for some six years in annual growth rates of about 10 percent. The rate of 12 percent growth, attained in 1973, was probably the highest in Brazil's history.

Some economists have argued that the normal condition of the Brazilian economy is to grow and that only the rapid inflation started by Kubitschek, the confusion of the parliamentary regime, and the international credit freeze imposed on the Goulart presidency had slowed down the economy's growth. Nevertheless, the military regime did begin several new policies that assisted in the growth process. In addition to breaking the power of trade unions and courting foreign investors, the military government introduced a system of mini-devaluations of the cruzeiro in place of rigid exchange rates that had led to speculation and in turn had forced substantial devaluations. Government policy favored exportation, particularly of new products and manufactured goods.

A massive reorientation of Brazil's external trade also took place so that the country became less dependent on coffee exports. Soybeans have been cultivated on a large scale as an export crop, rivaling coffee in its foreign exchange earnings. At the same time, however, beans, which had been raised for local consumption on land devoted to soybeans, had to be imported, at greater cost to consumers.

Brazil's proudest boast has been that it was exporting manufactured goods—even watches to Switzerland, computer components to the United States, and shoes to Italy. Volkswagen located a major plant in Brazil, exporting not only assembled cars to surrounding countries but also components to the Federal Republic of Germany (West Germany).

Although the middle class and some sectors of the skilled working class benefited from the boom, income distribution became more regressive. In 1960 the wealthiest 5 percent of the economically active population earned 27 percent of the total national income; by 1970 the top 5 percent received 35 percent of the total income. The income of the poorest 80 percent shrank from 46 percent to 37 percent of the total during the same period.The government later revealed that Antônio Delfim Netto, the architect of the economic miracle, had rigged the consumer price index so that wages linked with the index would not rise to reflect the full amount of inflation, as they were supposed to do, thereby holding down lower class incomes.

The miracle came to an abrupt end with the sudden rise in world oil prices in 1973. Brazil is a heavy importer of oil; exploration for domestic petroleum deposits was stepped up, and some small deposits were found, but they covered only a small fraction of the country's requirements (see Energy, ch. 3). A colossal program of production of alcohol from sugarcane to supply the country's fuel needs was undertaken, at very great cost, and automobiles were produced that ran on either hydrous alcohol or a mixture of gasoline and alcohol. But some participants in the program have questioned the wisdom of using arable land in the production of fuel rather than food. Finally, Brazil had to fill the gap between exports and imports caused by the sudden jump in petroleum prices by resorting to heavy foreign borrowing, which in turn saddled the country with excessive repayments of principal and interest (see Balance of Payments, ch. 3).

The process of *abertura* (political opening), beginning in the mid-1970s, meant that a certain amount of labor union activity had to be allowed and that workers' wages would no longer be made to bear such a disproportionate burden of the costs of development. The newly active labor movement generated a new popular leader in the person of Luís Inácio da Silva, "Lula," the leader of the São Paulo metalworkers. Lula and other labor leaders have been arrested from time to time, but their wildcat strikes have often been successful in securing wage increases and other concessions.

President Ernesto Geisel

Immediately after assuming office, Geisel sought to open a dialogue with the Roman Catholic Church, generating speculation that his administration might tolerate a degree of political liberalization. The Rio de Janeiro newspaper *Jornal do Brasil*, for example, editorialized in March that "political stagnation, deemed necessary until now, must be followed by some no less necessary democratic activity." Such speculation was dampened before the end of Geisel's first month in office by the arrests in São Paulo of about 60 clergymen, professors, students, and labor leaders, as well as by the closing of *Jornal do Brasil* and two radio stations.

Although the 10-year suspension of political rights ran out in April 1974 for about 100 of the more than 1,200 persons affected, Minister of Justice Armando Falcão made it clear that "challenges and contradiction" would not be allowed and that the government would "use the legal instruments, ordinary or extraordinary, available to it to continue guaranteeing maximum order, peace, and stability . . . ." He added that under no circumstances would those responsible for "the situation which threatened to lead the country to chaos" be allowed to return. On another occasion Falcão commented that "our struggle is hard and difficult against common crime, subversion, and communism," and he said it was urgent that Brazil rationalize and modernize the entire police

President João Baptista de Oliveira Figueiredo, at United Nations
Courtesy United Nations Department of Public Information

structure, availing itself of the latest technological advances (see Public Order and Internal Security, ch. 5).

The Abertura, or Political Opening

Geisel did begin tentative steps, however, in the direction of what came to be known as *distensão* (decompression, relaxation of tension) or *abertura*. Congressional debates became livelier as the MDB found that it could criticize the government. In the 1974 elections for the state and federal legislatures, the MDB received almost 5.5 million of the 8 million votes cast and won 16 of the senatorial seats up for election, against the six won by Arena. Arena still held the majority in both houses of Congress, but it no longer held the two-thirds majority necessary for approval of constitutional amendments.

Geisel's political strategy seemed to be to economize on the use of force and to reduce the widespread abuses—the assassinations and torture that had reached a peak during the Médici administration— without losing control of the liberalizing process.

He removed from their posts officers associated with the worst excesses of the regime. Liberalization stopped far short of relinquishing military control of the government to civilian politicians, however. In the campaign for the 1978 election of state governors, when it appeared that the MDB might be too successful, Geisel changed the rules of the game by introducing the "April package." This provided that the Constitution could be amended by a simple majority of Congress, which Arena still had, and changed the electoral laws to the disadvantage of the opposition. Moreover, the "package" reaffirmed the president's powers to remove members of Congress and to suspend the political rights of individuals, a power used freely by Geisel against MDB members of Congress.

The military hard-liners believed that measures such as this were only temporizing a bad situation and that the attempt at *abertura* should be abandoned completely. In the jockeying for the nomination to succeed Geisel as president, the candidate of the authoritarian right was the war minister, General Sílvio Coelho da Frota. Geisel took advantage of extreme statements made by Frota to remove him for insubordination. Frota's ambitions were permanently crushed when his attempt to topple Geisel in a coup d'etat aborted.

Geisel was thus able to impose his own choice as the regime's candidate for the presidential term beginning in 1979. This was General João Baptista de Oliveira Figueiredo, whose branch of service was technically the cavalry but who had served most recently as head of the SNI. Figueiredo, in a peculiarly populist style, in 1982 continued along the path of *abertura* (see Elections under Military Rule, ch. 4).

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There are many outstanding books, both in English and in Portuguese, covering various segments and aspects of Brazilian history. Donald Worcester's *Brazil: From Colony to World Power* offers a wealth of fascinating detail on the colonial period and the transition to independence. The early national period receives good coverage in Richard Graham's *Britain and the Onset of Modernization in Brazil, 1850-1914* and *A Century of Brazilian History since 1865*. Among the best studies of the Vargas era and the Second Republic are Thomas E. Skidmore's *Politics in Brazil, 1930-1964: An Experiment in Democracy* and E. Bradford Burns' *Nationalism in Brazil: A Historical Survey*.

The best of the many books dealing with the demise of Brazil's last constitutional government in 1964 are probably *O Governo João Goulart: as Lutas Sociais no Brasil, 1961-1964* (1978) by Luís Alberto Moníz Bandeira and *1964: A Conquista do Estado: Ação Politica, Poder e Golpe de Classe* (1981) by René Armand Dreifuss. Moníz and Dreifuss had exclusive access to some of the most

important documents of the period. That time of troubles is covered in English by Alfred Stepan in *The Military in Politics: Changing Patterns in Brazil* (1971) and by Jan Knippers Black in *United States Penetration of Brazil* (1977). *Authoritarian Brazil: Origins, Policies, and Future* (1973), edited by Stepan, provides a wide-ranging assessment of the early years of military rule. (For further information and complete citations, see Bibliography.)