THE UNITED STATES AND BRAZIL

ROBERT J. BRANCO
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THE UNITED STATES AND BRAZIL

Opening a New Dialogue

by

Commander Robert J. Branco, USN
Senior Fellow

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To my wife, Tina, whose patience and hard work as editor and draft typist made this dream of a comprehensive research paper on US-Brazilian relations a reality.
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Brazil, the world's fifth largest nation, has become the world's tenth largest economic power as well. In recent years, the Brazilian people have made great social progress in developing one of the world's largest democracies. Although it shares many political ideals with the United States, Brazil is determined to reduce its economic and political dependence on its North American neighbor and friend, and to define its own global interests—interests increasingly divergent from those of the United States.

In writing this study, Commander Robert Branco, US Navy, who is fluent in Portuguese, travelled to Brazil to interview leaders in government, business, and education. His findings assessed the Brazilian economy, developments in Brazilian democracy, tendencies in military and foreign policies, and the challenges to future US-Brazilian cooperation. In all these areas, Commander Branco discovered, Brazilian policies are pragmatically directed toward that nation's becoming an even greater world economic force. He concludes that US Brazilian policy must be sensitive above all to these aspirations and endeavors.

In 1822, the United States—then poised to embark upon its own great expansion—was the first nation to recognize Brazil's independence, beginning a relationship of amity and respect which is now in its seventeenth decade. Brazil today is moving on many fronts to develop its potential of vast natural
resources and geographic expanse. This monograph will assist policymakers and all those concerned with US-South American relations to comprehend more clearly the Brazilian perspective.

Richard D. Lawrence
Lieutenant General, US Army
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ABOUT THE AUTHOR

Commander Robert J. Branco, US Navy, wrote this monograph while a Senior Fellow at the National Defense University. He is a graduate of the US Naval Academy and earned an M.S. in Management at the US Naval Postgraduate School. He developed an interest in Brazil while studying Portuguese at the Naval Academy, and in 1965, he participated in a Midshipman Exchange Cruise to Brazil. He has returned to Brazil on three subsequent occasions, the most recent being in September 1982 to conduct research for this monograph. He speaks fluent Portuguese. In addition to five tours in the destroyer community, he served as Commanding Officer of the USS MOLALA (ATF–106) in 1971–1972, and graduated with high distinction from the Naval War College Command and Staff Course in 1975. Commander Branco is a graduate of the National War College Class of 1982, and is now Commanding Officer of USS CHARLES F. ADAMS (DDG–2).
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Brazilian Ambassador to the United States, Antonio Azeredo de Silveira and Brigadier General Arthur Moura USA (Ret.) also rendered valuable assistance by arranging key interviews in Brazil and providing personal insights into the US-Brazilian relationship for which I am most grateful.

Special thanks are also due to Ms. Evelyn Lakes whose outstanding professional support as an editor and coordinator made the publication of this monograph a reality.
When Brazil terminated its bilateral military agreements with the United States in September 1977, it formally signaled the divergence of US-Brazilian interests. The Carter administration's attempt to interfere with Brazil's nuclear power plant agreement with West Germany, the United States aggressive human rights investigations of authoritarian governments in Latin America (including Brazil), and frustration with US congressional restrictions on arms sales to Brazil, contributed significantly to the action ending the military accords. Brazil's decision to end a thirty-year special military relationship between allies, who fought together on the battlefields of Italy during World War II, marked the lowest point in the history of US-Brazilian relations. The Reagan administration has sought a rapprochement with Brazil through an exchange of state visits, enhanced diplomatic efforts, and economic assistance. While these overtures have reestablished a cordial

In addition to the documented sources in this monograph, the author conducted numerous interviews with US and Brazilian diplomats, government officials, military officers, businessmen, and academicians on a nonattribution basis. Translations from Portuguese in this volume are by the author.
dialogue and a general normalization of relations, substantial differences still exist between these two giants of the Western Hemisphere. Since the 1964 Revolution, Brazil has moved from the ranks of the commodity exporting countries of the underdeveloped world to a position of prominence among the developing countries. During this period, the country has established a modern, diverse industrial capability to complement its traditional agricultural economy, which also expanded and diversified. By the late 1970s, Brazil, the fifth largest nation in the world, had arrived in the “Top 10” in Gross National Product—over $200 billion. The economic boom also coincided with an evolutionary change in the US-Brazilian relationship. In spite of the normally amicable bilateral dialogue maintained between the civilian and military representatives of the two governments, divergent points of view on trade matters, nuclear nonproliferation policy, and military assistance and security issues caused Brazil to revise its general postwar policy of alignment with the United States in favor of a more independent orientation with the nations of the Third World.

Since World War II, the United States has focused its attention on Latin America, and on Brazil in particular, primarily when communist subversion or other radical leftist movements have threatened nations in the hemisphere. When the 1964–1967 honeymoon of US economic support for Brazil waned after the apparent stabilization of the revolutionary government, the Brazilian leadership gradually moved toward reducing its economic dependence on the United States and expanding its international diplomatic and economic relationships. Since 1969, Brazil’s professional diplomats, known under the collective term itamaraty* (equivalent to US State Department), have influenced Brazilian administrations to expand the country’s participation in international organizations and in nontraditional bilateral relationships with Third World and socialist nations around the globe.

*Itamaraty—an Indian name originally used for the Foreign Ministry Building, Palácio Itamaraty, but now also used to refer to the Brazilian Ministry of Exterior Relations (organization).
During this period, Brazil significantly reduced its commercial dependence on the United States by diversifying its trade and foreign investment. In 1966, Brazil sent 33.4 percent of its exports to the United States and received 39.4 percent of its imports in return; in 1980 it sent only 17.4 percent of its exports to the United States and received only 17.9 percent of its imported goods in return. Additionally, Brazil has greatly expanded its commercial agreements with the European Common Market, Japan, and petroleum producing countries such as Saudi Arabia and Nigeria, while establishing new diplomatic and economic relationships with communist governments—the Soviet Union, the People's Republic of China, Angola, and Mozambique. Commercial expansion and promotion of exports became more important as Brazil's dependence on imported petroleum and dramatic price increases for oil in the 1970s contributed to an increasing external debt.

The leaders of the 1964 Revolution and their successors have pursued the motto—"Segurança e Desenvolvimento" (Security and Development)—in establishing national priorities for developing Brazil's vast potential. This motto represents a program developed at the Escola Superior de Guerra, Brazil's national institute for the improvement of its future civilian and military leaders. Following doctrine fundamentals developed at the Escola Superior de Guerra, the government acted to ensure domestic tranquility and, more important, to plan for and carry out the expansion of the national economy in the industrial and agricultural areas.

Concurrent with this development, Brazil became disenchanted with the United States and the industrialized countries because of the perceived inequities of international negotiations on trade and nuclear nonproliferation. Brazil and the other countries of the Third World viewed the presentation of agreements drafted by the major powers to international negotiating bodies for acceptance as a violation of the concept of equal sovereignty for all nations. Brazil's orientation or identification as a member of the south in the North-South relationship consequently causes it to oppose some US policies,
most recently in the areas of trade and International Monetary Fund loan policy.

Even before terminating the military agreements in 1977, Brazil was unwilling to become involved in any alliances or military security agreements. In addition to its frustration over arms sales, Brazil lost confidence in the Cold War tactics and concept of alliances fostered by the United States after the failure in Vietnam. The efforts of the American government to reach an agreement with Brazil on mutual security concerns in the South Atlantic were discontinued because of the logical need to include South Africa in cooperative discussions designed to safeguard maritime traffic transiting to and from the Middle East around the Cape of Good Hope. Close Brazilian economic and cultural ties with Angola, a natural enemy of South Africa, and Brazil's public condemnation of Pretoria's apartheid policies, make any security cooperation in the South Atlantic involving the United States, Brazil, and South Africa extremely unlikely.

The orientation of the United States in its Latin American perspective has been more East-West or ideological since the end of World War II. Concern for preventing communist or leftist takeovers or encroachment in South America and lining up US allies for East-West conflict contingencies in the region have dominated the US Government agenda. Nonmilitary programs, like the economic-oriented Caribbean Basin Initiative, are the exception.

Recently, the US Government trend has been to limit its foreign-aid endowments and to support a more restrictive loan policy in regional and international financial organizations. Because the United States is a substantial contributor to these banks (for example, International Monetary Fund and Inter-American Development Bank) and Brazil as an advanced developing country would be adversely affected by this policy, the loan issue has a negative effect on US-Brazilian relations. In spite of the recent US emergency assistance loans to Brazil and Mexico during the worldwide recession, the issue will surface again in the long term.
In less than twenty years hence, Brazil will celebrate two key anniversaries. In the year 2000, it will have been a hundred years since the distinguished Brazilian diplomat, the Baron of Rio Branco, José Maria da Silva Paranhos Junior, successfully negotiated treaties with France, Argentina, and Bolivia to settle boundary disputes and subsequently gain 187,600 square miles of territory for his country. It also will have been forty years since 1960, when President Juscelino Kubitschek moved Brazil’s capital from Rio de Janeiro to Brasilia, an action that initiated the movement to develop the bountiful resources of the interior of the country.

The year 2000 will also mark a new era for US-Brazilian relations, an era that often receives little contemplation in US government policy circles because of the hectic environment of political, economic, and military security crises of the current world stage. Despite its sizeable external debt of over $85 billion, Brazil has retained the support of world lending institutions. The country’s broad-based economy makes it an exporter of iron ore, steel, automobiles, automobile parts, and manufactured goods like shoes and textiles, commercial aircraft, and a wide range of agricultural products. Because of its vast economic potential, Brazil has negotiated the necessary loans to bridge its short-term liquidity crisis and has achieved a balance-of-payments surplus for the last two years. Barring a major world banking crisis, which would inflict severe economic damage on all nations, Brazil’s continued economic growth and increased influence in world markets is inevitable.

Brazil’s economic development and expanding international relationships have earned the country a position of prestige among its neighbors in South America and the underdeveloped countries of the Third World. Because of the success of the Brazilian economic model, many smaller countries view Brazil as a nation which rose up from the ranks of the “have nots.” On 27 September 1982, President João Figueiredo’s opening address to the Thirty-Seventh Session of the UN General Assembly reflected Brazil’s potential for a role as spokesman for the South or developing countries. He urged cooperation between the industrialized nations of the
North and the less fortunate countries of the South during the current world economic crisis, and advocated the launching of global North-South negotiations discussed at Cancun in 1981. Since that address, the United States and other industrialized nations in conjunction with the International Monetary Fund have assisted Brazil, Mexico, Argentina, and others to avert financial crises.

By the year 2000, Brazil will be realizing that vast potential which some political scientists have touted for years. This increased development will result in greater Brazilian political and economic influence in South America, in the hemisphere, and internationally. Brazilian and US policymakers will be faced with important decisions over the next two decades regarding the bilateral relationship in the areas of trade and economic competition, foreign policy, and military security.

How will Brazil's pursuit of its independent foreign policy prepare it for future regional, hemispheric, and international roles, and how will these roles affect the United States? This paper will examine the origins and tenets of Brazil's independent foreign policy, and will project future Brazilian roles and their impact on the US-Brazilian relationship. Will Brazil overcome its large external debt and its underlying causes, and will Brazil and the United States settle future trade differences to permit Brazilian economic expansion and avoid protectionist clashes in their competing markets? This study will evaluate the prospects for Brazil's long-term economic survival, and the probabilities for avoiding US-Brazilian trade confrontations.

How could the evolution of Brazil's redemocratization process, abertura, with potential changes in leadership philosophy, affect the US-Brazilian relationship? A review of the chronology of abertura, of the political party programs and tendencies, and of future political scenarios provide valuable insights for prospective US policymakers. What military security policies can the United States expect Brazil to follow in the future—in the South Atlantic, in the sale of arms, and in the development of nuclear weapons? Different policies for assuring the security of maritime trade in the South Atlantic, dif-
ferent objectives for the sales of arms, and Brazil’s quest for advanced nuclear technology are analyzed in the continuing context of US-Brazilian relations. The inescapable conclusion to be drawn from this study is that these diverse issues will require the urgent attention of US and Brazilian policymakers over the next twenty years.
ITAMARATY AND BRAZILIAN EXTERNAL POLICY

How will Brazil's pursuit of its independent foreign policy prepare it for future regional, hemispheric, and international roles, and how will these roles affect the United States? A brief review of the origins of this independent foreign policy is essential to understanding its future direction. Some foreign policy analysts link Brazil's search for independence from the "hegemonic" influence of the United States to the country's development plans that resulted in the economic boom of the 1970s. During that decade, Brazil diversified its economic relationships and broadened its international contacts with the Third World and Eastern European countries in an effort to expand its industrial and agricultural base.

The seeds of an independent foreign policy were actually planted much earlier during the brief presidency of Jânio Quadros in 1961. Prior to his election, Quadros, then governor of São Paulo, visited Premier Khrushchev, Marshall Tito, President Nasser, Prime Minister Nehru, and Fidel Castro, clearly signaling his intent to pursue a nontraditional external policy. After assuming office, President Quadros reestablished diplomatic and trade relations with the Soviet Union and the Eastern European bloc. Brazil subsequently supported UN debate on the admission of the People's Republic of China to the
United Nations. Quadros later bestowed Brazil's highest honor, the Order of the Southern Cross, on Cuba's "Che" Guevara and nine members of a Soviet goodwill mission. This same independent, sometimes anti-American policy was continued by President João Goulart, Quadros' successor, until the 1964 Revolution forced him into exile. The US-Brazilian relationship improved greatly under the postrevolutionary leadership of President Humberto Castello Branco.

Brazil's pursuit of an independent foreign policy since the Castello Branco government reflects the linkage of international politics to key aspects of Brazilian economic development. This linkage is best articulated by Itamaraty's Special Secretary for Political and Economic Affairs in the Bilateral International Area, Minister Ronaldo Mota Sardenberg:

An additional given quantity of this complexity is the perception that it is no longer possible to separate the political sphere from the economic sphere in international relations. As the world energy crisis demonstrated in an extremely clear way, the economic dimension of international problems was returned to such an important form at the end of this decade [the 1970s] that it is seen to be placed in the heart of international politics. Today, diplomacy is not made without the making of the diplomacy of natural resources, and in the case of countries in development such as Brazil, not without also making diplomacy in the struggle against commercial protectionism and the attraction of disposable technologies internationally.\(^1\)

Since 1967, Brazilian governments have consistently interrelated the economic and political aspects of their external policy as a single entity, not as separate components.

**Basic Principles**

Although the search for export markets and the stimulation of foreign investment are used to characterize Brazil's pragmatic external policy motives, for over two decades Itamaraty diplomats have advocated and practiced certain ba-
sic principles that are worthy of study for their long-term policy implications. As a respected advisor to Brazil’s current Foreign Minister, Saraiva Guerreiro, Minister Sardenberg summarizes these fundamental principles:

The designs are already considered classics in our doctrine of external policy, such as the adherence of Brazil to international peace, the policy of regional expansion, the promotion of international cooperation, the defense of principles like the equal sovereignty of States, nonintervention in the internal and external matters of States, abstention in the use or threat of force, and the peaceful solution of controversies. Also at this level are located other basic ideas like respect for treaties and other international commitments freely assumed, the policy of maintaining our frontiers, the increase of friendly relations with neighboring countries, and the stabilization of relations and understanding with our traditional economic and political partners.¹

Brazil’s history and culture support its claim to be a pacific country regarding the use of force to settle disputes with its neighbors on the continent. Brazil’s last conflict in South America ended in 1870, after Brazilian forces, joined by Argentina and Uruguay, defeated Paraguay who had invaded two Brazilian provinces. Brazil participated with Allied forces against Germany in World Wars I and II, but only after merchant-vessel sinkings with significant loss of life incited public outrage. The unique deviation from the country’s professed nonintervention policy occurred in 1965: at the request of the United States, Brazil provided 1,500 troops and a general officer to command the joint intervention force (Inter-American Peace Force) sent to the Dominican Republic under the auspices of the Organization of American States. Although the US-Brazilian relationship during the 1964–1967 government of President Castello Branco was particularly amicable, Brazilian diplomats consider that intervention an aberration and not a precedent.
Nonintervention

Since its Dominican Republic involvement in 1965, Brazil’s adherence to the principle of nonintervention reflects Itamaraty’s determination to pursue diplomatic solutions instead of military ones. When concern for the future of the El Salvadoran government caused US officials to consider military assistance and possible intervention against leftist guerrillas, the Reagan administration attempted to explain its position to the Brazilian government. Brazil coolly received the special mission of Ambassador-at-Large Vernon Walters with a firm declaration of noninvolvement in accordance with the nonintervention principle. In his keynote address to the UN General Assembly on 27 September 1982, President Figueiredo reiterated the country’s position:

In Central America there are recurring symptoms of a deep crisis of historic proportions with social, political, and economic implications. In accordance with the principles of self-determination and noninterference in the internal affairs of other countries, Brazil believes that a political solution to the Central American problem must be found by the peoples involved, free from any overt or covert outside interference.³

Brazil and the government’s Social Democratic Party have consistently advocated these principles of self-determination and nonintervention. Because the primary opposition party, the Brazilian Democratic Movement, supports these precepts, Brazil’s future policymakers would predictably avoid involvement, regardless of which party controls government foreign policy.

Peaceful Solution of Controversies

Recent diplomatic efforts by Brazil in the South Atlantic conflict between Great Britain and Argentina over sovereignty of the Falklands/Malvinas Islands clearly demonstrate Brazil’s resolve to seek negotiated solutions to disputes between nations. Brazil has recognized Argentina’s claim to the islands since 1833, but remained neutral during the conflict because
of Argentina’s violation of international law when it took the islands by force in April 1982. Instead, Brazil pursued active diplomatic efforts both in the Organization of American States and in the United Nations in hopes of preventing the armed conflict that ultimately ensued. Typically, Itamaraty conducted its diplomatic negotiations in a quiet, behind-the-scenes manner, while Secretary of State Alexander Haig’s shuttle diplomacy between Washington, Buenos Aires, and London captured newspaper headlines. Brazil’s diplomats seemed to be the key influence behind the moderately worded resolutions passed by both the Organization of American States and the United Nations. Public opinion in Brazil and other South American countries was critical of the United States for misleading Argentina’s leadership into believing that it had US support in this dispute. The consensus outcry of the South American members of the Organization of American States against the US decision to aid Great Britain, after the breakdown of negotiations, threatened to end the existence of the organization. Brazilian diplomats fully expected that ultimately the United States would support Great Britain as a longtime ally, but the almost overnight change of roles, from apparent mediator to ally of one of the parties, disturbed Itamaraty. In spite of this uncertainty, Brazil continues to defend the need for the Organization of American States to act as a means of dialogue for the Inter-American nations, regardless of its imperfections.

New International Order

The late distinguished diplomat, João Augusto de Araújo Castro, is renowned for his articulation of one of the key concepts of a new international order of political and economic dimensions. In addition to service as Brazil’s Foreign Minister in 1963, Araújo Castro’s thirty-five year diplomatic career included posts in embassies in Rome, Tokyo, Athens, Lima, and Washington, DC, where he was ambassador to the United States from 1970 to 1975. More significant, however, were his posts as Brazil’s representative to numerous international conferences and committees (such as disarmament, trade,
and development), and almost a decade of service in the United Nations, including a term as President of the UN Security Council. Like many other statesmen who saw the high hopes and expectations of the United Nations gradually fade with the inability of that organization to cope with the numerous security and development crises of the postwar era, Araújo Castro devoted his creative efforts to articulating the need for reform.

He opposed the freezing of world power by the major power centers (United States, Soviet Union, United Kingdom, and France) because this fixing of power “does not consider the resurgence of Germany and of Japan, and the manifestations of growth and development of other nations.” Ambassador Araújo Castro’s expectations that Brazil’s future development would lead to world-power status for Brazil, similar to that realized by West Germany and Japan, caused him to reject international agreements or organizational structures that did not allow for late-emerging countries. Relative to this development of nations in the world community, Ambassador Araújo Castro expressed some strong opinions about the responsibilities of industrialized countries at a conference on Latin America held by Temple University and St. Joseph College in 1973:

> It is interesting to note that though the principal industrial nations insist on the necessity of admitting to a principle of common universal responsibility in relation to some problems like the preservation of human life, population control, natural resources, etc., they are always strangely mute, reticent, and distrustful of any country which proposes, as Brazil has consistently defended, the admission of a common universal responsibility in relation to the problem of development.5

Brazilian leaders still advocate that industrialized nations are responsible for assisting underdeveloped countries.

Reviewing the development of Araújo Castro’s external policy themes, which have become rooted in Brazilian external policy, Minister Sardenberg summarizes:
His most immediate themes are ... the bitter international realities and the possibilities of construction of a more just and equitable order; the organization of the United Nations as a force for debate and negotiation, as a juridical and political obligation, and as a hope of international reordering; the nuclear arms race and the imperious necessity of disarmament; decolonization and the struggle against racism, and the necessities of the development of poor countries; the manipulation of ecological theses; the nonproliferation of nuclear arms, and the access of peoples to the conquests of contemporary science and technology, and the characteristic well being of economically developed societies.  

These concepts of equal sovereignty for all nations, equal access of all nations to available technology, and rejection of a static world-power structure, can be linked to Brazil’s failure to ratify the nuclear treaties—Non-Proliferation and Tlatelolco*—and to the procurement of the full nuclear-fuel cycle from West Germany for the country’s nuclear-power plant program. Brazil believes that because it is a late-developing country it should not be prevented from obtaining advanced technology intended for peaceful purposes. The 1973 oil crisis placed additional pressure on the Brazilian government to obtain the complete fuel cycle—the rapidly growing energy demands of its industrial development and a requirement to import 80 percent of its petroleum needs made nuclear self-sufficiency essential.

As a developing country, Brazil continues to demonstrate the influence of Araújo Castro’s ideals in its external policy. In an address to the staff and faculty of Brazil’s Escola Superior de Guerra on 3 September 1982, Foreign Minister Saraiva

Guerreiro explained the new international order in the context of the current world economic crisis:

Within a moderate line, but firm and persistent, Brazil identifies, in the North-South Dialogue, one of the better vehicles that resolves its message: diagnosis of the seriousness and the scope of the international economic crisis, the necessity of self-preservation in the process of recuperation, the interests of the countries in development and the clear mutuality of economic interests between the developed world and the world in development.  

Although addressing the economic interdependence of the North and South in the context of the 1982–1983 world economic crisis, Minister Guerreiro expects the development of the new international order to be a long-term endeavor.

**Will Abertura Change Brazil’s Foreign Policy?**

During the past twelve years, *itamaraty*, as the administrator of Brazil’s foreign policy, has created a hybrid framework based on external policy tenets included in the policy platforms of the two political parties, the National Renovating Alliance (ARENA—now Social Democrats), the government party, and the Brazilian Democratic Movement (MDB), the opposition. ARENA has stressed the “development of a pragmatic external policy, universal and flexible, conscious of the duties of the nation for the progress of humanity and world peace, oriented by the principles of international and continental solidarity, attentive to the interests of the country.” The party also advocates affirming “respect for the sovereignty of peoples and nonintervention by one state into the internal affairs of the other.” The MDB opposition also supports the rights of self-determination and nonintervention. The Brazilian Democratic Movement actively urges engaging in a struggle against imperialism through solidarity with the underdeveloped peoples of the world. Although extreme elements of the opposition party advocate measures such as nationalization of foreign enterprise, it is not likely that the Brazilian
government would take such action unless an economic confrontation between the United States and Brazil develops.

The structure of current Brazilian external policy, and the principles and concepts it is based on is acceptable to the majority of Brazilians. In a recent *Jornal do Brasil* feature article on Brazilian foreign policy, the noted Brazilian political scientist Alexandre de Barros addressed the subject of this acceptability:

In order to understand Brazilian external policy it is necessary to consider some basic points. One of them is that it is a topic on which there is national consensus. This has now become obvious; suddenly, the PMDB states that Itamaraty has much in common with it, the PMDB, with respect to external policy. Well now, the policy was there. The problem is that the persons, the groups, the Parties, the elite, the public agree with it. That does not happen with an external policy where there are a series of divisions. The consensus facilitates the continuity of Brazilian external policy, formulated by an organ which has some extremely peculiar organizational characteristics.  

This foreign policy consensus that Alexandre de Barros cites will continue because of the current generation of diplomats, which he calls “the generation of independent external policy.” Between 1957 and 1965, over 160 diplomats graduated from the Rio Branco Institute. The changes in direction of Brazil’s foreign policy that occurred during the Kubitschek, Quadros, and Goulart administrations marked the evolution of the independent, internationally oriented outlook. Today, these professionals are occupying policymaking positions at the minister and counselor level, exerting influence that reflects their training and experience and demonstrating a continuity not found in their counterparts in the United States.

Given the national consensus that Itamaraty’s external policy enjoys, it seems likely that the transition to a civilian government as projected in *abertura* will result in little significant change in Brazil’s foreign policy. The pragmatic approach to the development of the country’s diplomacy should moder-
ate any extreme tendencies among political leaders or technocrats in future years as Brazil continues to mature as a major world power.

**Future Roles for Brazil**

Exercising considerable foresight during its headlong dash for national development during the last eighteen years, Brazil’s leadership—military and civilian technocrats and professional diplomats—planned the many complex details of the country’s industrial, agricultural and commercial expansion. When the unexpected oil crisis threatened to derail Brazil’s economic progress, they drew up a comprehensive national energy program, including the distillation of alcohol from Brazil’s plentiful supply of sugar cane, wood, and other biomass materials. This alcohol was to be used as a fuel substitute. The substantial economic growth and the ensuing increase in political activity generated expectations abroad that Brazil would assume more responsibility and a leadership role in the region, hemisphere, and, perhaps, the international community. How does Brazil view its roles in these areas and will Itamaraty revise these roles as the country continues to grow in economic and political stature?

**Regional Role**

Under Presidents Geisel and Figueiredo, Brazil gained an acceptance among the nations of South America that it had never before enjoyed. In spite of its unique distinction on the continent as the only nation without a territorial dispute with a bordering country (and it shares boundaries with ten others), its Spanish-speaking, anticolonial, anti-American neighbors historically were suspicious and fearful of the intentions of this Portuguese-speaking giant that generally shared an amicable relationship with the United States.

During the Geisel administration, Brazil significantly increased its political and economic contacts as a matter of priority in its external affairs. Precedent-setting state visits and bilateral agreements were supplemented by numerous coop-
erative economic projects. In the bilateral area, the world's largest dam project, Itaipu (recently completed), was initiated with Paraguay in 1974. The most important multilateral effort of the period was the negotiation of the Treaty of Amazonic Cooperation, signed in July 1978 by Brazil, Bolivia, Colombia, Ecuador, Guyana, Peru, Surinam, and Venezuela.

President Figueiredo continued this priority attention to the region in political and economic areas. Active diplomatic efforts and a state visit to Buenos Aires resulted in the best relations ever enjoyed between Brazil and Argentina, perennial rivals in the Southern Cone. During the Falklands/Malvinas conflict and to date, Argentina has sought and received Brazilian diplomatic support for its territorial claims. In a recent interview for the Brazilian magazine Manchete, Chile's President Augusto Pinochet evaluated Brazil's progress in its relations with its South American neighbors:

While Argentina gains discredit, the way Brazil conducted itself during the conflict has fortified the confidence of its Latin-American brothers, in front of which it has given examples that its lack of ambition for hegemony and leadership is not limited to the words of its presidents and chancellors. Beyond this, Brazil does not have any territorial claims. It is a country in development determined to defend Western values.10

Brazil's coordination of the Treaty of Amazonic Cooperation with seven of its neighbors, its joint development of the Itaipu Dam project with Paraguay, and its active behind-the-scenes diplomacy in the Falklands/Malvinas crisis supports President Pinochet's evaluation. Recognizing Brazil's size, geographic position in the region, economic potential, and population, President Pinochet relates his view of Brazil's future role in South America:

This conveys consequences and responsibilities. There is inevitably a role to play, even though Brazil does not aspire to it. Also because, if it does not assume this role, another country will occupy the vacuum. In this reaccom-
modation of relations, the United States ceded a space which ought to be occupied by one whose size and importance are uncontested. South American countries turn to Brazil, hoping that it will play that role. That role cannot be of judge and professor—as Minister Saraiva Guerreiro conjures—but without a doubt, the role will be of a bigger brother, of guarantor, of stabilizer of the area. That is not a euphemistic verification. To the contrary, it will have to fulfill a role of greater responsibility, full of obligation and preoccupations. It is going to demand that the country fortify its economy, in order to refit its military force; it is going to demand a new rhythm in its external policy because there is no way to avoid that destiny.11

Brazil consistently avoids a leadership role in South America. First, it is unaccustomed to the weight of responsibility the role incurs, and second, Itamaraty wants to avoid accusations of hegemony or to rekindle the distrust that formerly isolated the giant from its Spanish-speaking neighbors. The country's leadership is staunchly anticommunist and is concerned about relations with those neighboring nations that are politically unstable and likely to have radical elements come into power. Pragmatically, Brazil also chooses to remain clear of involvement in areas or situations where it feels it has no leverage to instigate changes. Its cordial relations with South American countries will be enhanced in the future as foreign service candidates attending the Rio Branco Institute enjoy collegial contacts with their Brazilian counterparts. Since 1977, sixteen foreign service officers from South and Central American countries have graduated from the Institute.12

The recent South Atlantic conflict and the subsequent internal instability remaining in neighboring Argentina concerns the Brazilian government. The conflict upset Brazil's trade patterns for several months with detrimental effect on its economy, and the political uncertainty that remains in Argentina threatens to nullify diplomatic efforts to defuse a long-standing bilateral rivalry. In defense of national interests such as these, Brazil will gradually exert greater influence in South America to provide the stability that enhances its economic
and political objectives. Itamaraty will pursue economic objectives in a legalistic manner, using economic instruments (not sanctions) as leverage, rather than intimidation. In the diplomatic realm, Brazil will actively negotiate to stabilize regional disputes that will affect Brazilian national interests. Brazil’s regional role in the future will be as a facilitator and economically influential “big brother,” not as a powerful and threatening hegemonic leader.

Because the Spanish-speaking nations in South America view US involvement there as hegemonic or imperialistic, the future of the US-Brazilian relationship is particularly important to the United States. Brazil’s increasing acceptance by its neighbors can provide the stabilizing economic and political influence that is difficult for the United States to exert because of suspicions about its intentions. Continuing US economic and political support of Brazilian efforts to act as a stabilizing force in South America will be more effective in the future than direct US involvement.

**Hemispheric Role**

Brazil’s active, yet quiet diplomacy in the Organization of American States (OAS) during the Falklands/Malvinas conflict, and its successful efforts to preserve that imperfect organization for the maintenance of a hemispheric dialogue, demonstrate the growing influence of Brazil that President Pinochet discussed earlier. This moderating influence tempered OAS resolutions adopted during the crisis, and also prevailed in the substitution of a call for improvements in the Organization of American States rather than removing the United States from the organization and relocating it in South America.

Commercial relations between Brazil and America’s neighbors—Mexico and Canada—have been expanded to provide export markets for Brazilian products in exchange for oil and grain imports. As its economic development progresses, Brazil’s ability to compete in traditional US markets in Mexico and Canada could enhance its political influence in hemispheric matters.
Because economic development is Brazil's principal priority for the foreseeable future, its efforts to fulfill any influential role will relate to improving relationships with potential or ongoing trading partners. The rejection of alliances or ideological blocs from its external policy structure, because of the perceived failure of US Cold War tactics, limits Brazil's security view in the hemisphere to territorial self-defense. In the diplomatic role, Brazil will exert all possible effort to stabilize through negotiation those disputes affecting its national interests, and will continue to assist in negotiating peaceful settlements of disputes in the hemisphere as Brazilian diplomats demonstrated in the Anglo-Argentine conflict.

Although political stability in the hemisphere is a common US-Brazilian objective, disagreements could arise over the means of achieving that stability. For example, US military assistance policies could clash with Brazil's nonintervention precept, resulting in a loss of Brazilian diplomatic support for other US initiatives. Economically, Brazilian exports will compete with US products in markets of key US trading partners like Mexico and Canada and will be a continuing source of friction between the United States and Brazil.

International Role

While not yet comfortable with a leadership role in any context (regional, hemispheric, or international), Brazil recently accepted the international role of interlocutor in the North-South dialogue. In his September 1982 address to the Escola Superior de Guerra in Rio de Janeiro, Foreign Minister Guerreiro expressed that role as follows:

The manner of political insertion of Brazil into the international community constitutes a positive element for the resolution of some of the economic problems with which we are faced today. By her external profile, Brazil is today viewed as a valid interlocutor, as a credible partner who ought to be consulted and heard more often by developed countries and the Third World. And this not only brings advantages of a purely political type, it also is translated into a greater opening and receptivity for the
country on the plane of trade and economic cooperation.13

President Figueiredo's General Assembly address describing the world economic crisis from the perspective of a developing country, with its recommended actions for the industrialized countries, is a significant change in roles for Brazil. The advocacy of the urgent need for North-South cooperation articulated by Araújo Castro, and now by Brazil's head of state, indicates Itamaraty's willingness to play a more active role in achieving the ideal new international order. Brazil's international influence at the end of the century will, however, be limited in spite of its growth. Its role will therefore be to influence coalition actions among the developing nations in international political and economic fora to obtain its foreign policy objectives.

Brazil's role as interlocutor in the North-South dialogue will provide a potential source of friction between Brazil and the United States. Although the US Government provided emergency loans to underdeveloped countries during the recent world economic crisis, the United States has not agreed to the broad degree of economic development assistance for the nations of the South that Brazil advocates. In the long term, the failure of the United States and Brazil to reach a compromise on this issue could strain the relationship of the two countries. Brazil will expand its economic and political relations with the South and will benefit in trade and prestige from this role of interlocutor.
Two key economic questions of special interest to the United States are (1) Will Brazil overcome its large external debt? and (2) Will Brazil and the United States settle future trade differences to permit Brazilian economic expansion and avoid protectionist clashes in their competing markets? Throughout its emergence as a leading economic power, Brazil encountered obstacles that challenged the country’s ability to sustain its rise to prominence. Drastic petroleum price increases in 1974 and 1979 contributed to an external debt burden for Brazil because of its dependence on imported oil. The rapid expansion of the country’s economy linked with the need to complete large infrastructure projects consumed sizeable amounts of national and foreign investment. Numerous state-owned enterprises regularly caused national budget deficits in their effort to increase the rate of Brazil’s development. Brazilian planners aggressively expanded the country’s economic presence in far-flung international markets through the export of products and services to improve its balance of payments. To assure its continuing growth as a world power, Brazil needs to negotiate trade agreements to overcome protectionism and to acquire advanced technology.
Imported Oil and External Debt

The need to import over 80 percent of the petroleum required to fuel Brazil's rapidly expanding economy contributed significantly to the country's mounting external debt in the 1970s. Before the 1974 oil shock, when the OPEC cartel raised petroleum prices from approximately two dollars a barrel to ten dollars a barrel (figure 3.1), Brazil's external debt was $12.6 billion (table 3.1). After three years of trade deficits, the country achieved a modest trade surplus in 1977. The second oil shock in 1979 resulted in a twenty dollar a barrel increase in the price of oil at a time when prime interest rates in the United States climbed to 15 percent. These high interest rates (figure 3.2), which lasted until mid-year 1982, boosted Brazil's external debt to an estimated $85 billion by the end of 1982, in spite of dramatic increases in exports and trade surpluses in 1981 and 1982.

Figure 3.1
EVOLUTION OF IMPORTED OIL PRICES

$/Barrel

<table>
<thead>
<tr>
<th>Year</th>
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<tbody>
<tr>
<td>1972</td>
</tr>
<tr>
<td>1973</td>
</tr>
<tr>
<td>1974</td>
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<td>1975</td>
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<td>1980</td>
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32/33
30
27
24
21
15
9
6
3
0
Table 3.1
BRAZIL: ECONOMIC INDICATORS
(In $ Billions)

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>GNP</td>
<td>81.3</td>
<td>106.0</td>
<td>124.2</td>
<td>146.2</td>
<td>166.4</td>
<td>191.0</td>
<td>205.5</td>
<td>237.0</td>
<td>284.3</td>
</tr>
<tr>
<td>Export</td>
<td>6.2</td>
<td>8.0</td>
<td>8.7</td>
<td>10.1</td>
<td>12.1</td>
<td>12.7</td>
<td>15.2</td>
<td>20.1</td>
<td>23.2</td>
</tr>
<tr>
<td>Import</td>
<td>6.2</td>
<td>12.6</td>
<td>12.2</td>
<td>12.3</td>
<td>12.0</td>
<td>13.7</td>
<td>18.0</td>
<td>22.9</td>
<td>22.1</td>
</tr>
<tr>
<td>Commercial Balance</td>
<td>0.0</td>
<td>-4.6</td>
<td>-3.5</td>
<td>-2.2</td>
<td>+0.1</td>
<td>-1.0</td>
<td>-2.7</td>
<td>-2.8</td>
<td>+1.2</td>
</tr>
<tr>
<td>External Debt</td>
<td>12.6</td>
<td>17.2</td>
<td>21.2</td>
<td>26.0</td>
<td>32.0</td>
<td>43.5</td>
<td>49.9</td>
<td>53.8</td>
<td>61.4</td>
</tr>
<tr>
<td>Imported Petroleum</td>
<td>.71</td>
<td>2.8</td>
<td>2.9</td>
<td>3.6</td>
<td>3.8</td>
<td>4.2</td>
<td>6.4</td>
<td>9.4</td>
<td>10.6</td>
</tr>
</tbody>
</table>

Note. Numbers have been rounded.

Responding to the energy problem, which threatened to derail its development, Brazil embarked on an ambitious national energy program in 1975. Two phases of this program, exploitation of its vast hydroelectric power potential and development of an alcohol fuel substitution program, are actively serving to reduce Brazil's dependence on imported petroleum. The world's largest hydroelectric dam, *Itaipu*, located on the

Figure 3.2.
US PRIME RATE (%)
Parana River, which separates Brazil and Paraguay, will generate its first 700,000 kilowatts of power in early 1983. The gigantic Tucurui dam project, on the Tocantins River in the northern Brazil state of Pará, is expected to be operational in 1985 to support the Carajás iron ore mine when it begins operation (figure 3.3).

The Brazilian government's $6 billion investment in its National Program for Alcohol (PROALCOOL) since 1975 indicates the measure of this commitment to fuel substitution. Currently, more than 500,000 cars modified or produced to burn alcohol (ethanol) are in use in Brazil. Original engine corrosion problems have been alleviated, and the demand for al-

**Figure 3.3.**

**BRAZIL: DEVELOPMENT PROJECTS**
cohol burning cars continues to increase, especially since gasoline* is more expensive than alcohol as a result of the Brazilian government's pricing incentives. Estimates indicate that alcohol production saved $1.5 billion of imported petroleum in 1981.4 Brazil's abundant sugar-cane crop provides the raw material for this program, a development project that has made PROÁLCOOL the leading synthetic fuel program in the world. Other energy initiatives, such as nuclear power plants, and biomass and oilshale distillation, are still in the development stage and have realized limited economic energy.

The prognosis for reducing Brazil's dependency on imported petroleum is excellent because of these energy initiatives and an increase in oil exploration in terrestrial and offshore territory. In July 1979, Brazil depended on external sources for 82.8 percent of its petroleum. National oil, alcohol, and gas production in 1981 totaled 341,000 barrels a day, equivalent to 32 percent of Brazilian internal requirements.5 This improvement of almost 15 percent in three years demonstrates Brazil's significant progress toward eliminating a liability that threatens the growth of the country. Several months before Brazil's state oil company PETROBRAS announced these results, Shell Oil projected that in 1990 Brazil's dependence on imported petroleum would fall to less than 40 percent.6 The success of the national energy program to date lends credence to these projections and could be the turning point in Brazil's struggle to regain control of its external indebtedness and continue its national development.

Big, Expensive Projects

The gigantic, costly infrastructure, and development projects that characterized Brazilian government planning in the 1970s also added to the country's sizeable external debt. Many of these projects have consumed extensive amounts of capital and have yet to provide a return on the investment. The impact of the expenditures for these massive undertakings is among the most discussed subjects among Brazil's

*All gasoline sold in Brazil contains 20 percent ethanol.
economists when they analyze the nation's fiscal difficulties. Predominant planning for and investment in these endeavors is exercised by the estatais or state-owned corporations, although private, multinational, and foreign participation is encouraged. The Carajás project is one of the most significant of these endeavors.

Sixteen years ago, a Brazilian geologist landed his helicopter in the Carajás mountains in northern Brazil, never imagining that the iron ore he discovered in the clearing would soon lead to multiple mineral discoveries. Carajás is one of the world's richest mineral reserves—over 18 billion tons of iron, 60 million tons of manganese, 10 million tons of copper, 40 million tons of aluminum, and additional reserves of asbestos, chromium, silver, tin, and zinc are contained in this mountain area east of the Amazon River. The highest priority in the projected development is the 66 percent pure (by weight) iron ore with the first 15 million tons planned for delivery in 1985. When the mine is in full-scale operation in 1987, it is expected to produce 35 million tons per year.

Carajás' potential attracted investment from Japan ($500 million), the European Common Market ($600 million), and the World Bank ($300 million). Brazil's investment to date is around $3 billion. The lead state-owned company in the iron ore mine, the Vale do Rio Doce Company already holds signed contracts for 25 million tons of the high-grade ore, of which 10 million tons will go to Japan and 14 million tons to the Common Market countries.

The overall Carajás development project includes significant infrastructure requirements beyond the $4.5 billion iron ore mine. The Tucurui hydroelectric dam will provide 8 million kilowatts of electrical power for the projects in the area and for the city of Belém at the mouth of the Amazon River. A 535-mile railroad from the iron mine to the port of São Luis is under construction and the port's facilities are being expanded to accommodate ships of up to 280,000 tons. Two aluminum plants are under construction—Albras-Alunorte, a joint Brazilian-Japanese venture on the Amazon costing $2.6 billion, and Alumar, a $1.6 billion project near São Luis.
During the July 1982 session of the Brazilian-Soviet intergovernmental commercial, economic, scientific, and technological commission, Itamaraty's Secretary General, Ambassador Baena Soares, proposed an industrial cooperation program with the Soviet Union for iron, steel, hydraulic, and agricultural equipment for the Carajás project. He reasserted Brazil's intention to increase and diversify bilateral trade with Moscow. Soviet representatives confirmed their interest in participating in these industrial projects and planned to send a group of specialists to Brazil to analyze related areas in cooperation with Brazilian organizations. This expansion of Brazilian-Soviet economic cooperation, which is probably a consequence of Brazil's longstanding trade surplus with the Soviet Union, is a perfect example of Brasilia's economic pragmatism, and bears watching in view of the potential importance of Carajás in the international mineral market.

The Itaipu dam is another of Brazil's large, capital-intensive projects. On 5 November 1982, Brazilian President João Figueiredo and Paraguayan President Alfredo Stroessner inaugurated the massive Itaipu hydroelectric dam, which will ultimately provide 12.6 million kilowatts of electricity to Paraguay and southern Brazil. In early 1983, the first of eighteen turbines will be activated to generate the project's first 700,000 kilowatts. The dam, 196 meters high, and its equipment cost the Brazilian government $9 billion and another $5 billion in interest. In 1988, when the power plant is fully operational, Itaipu will produce energy equivalent to 600,000 barrels per day of petroleum. President Figueiredo and General Reynaldo Bignone of Argentina met in Foz de Iguacu, Brazil, south of Itaipu in mid-January 1983 to sign an agreement allowing Argentina to buy electricity from the hydroelectric project. The meeting also served to inaugurate the $32 million bridge over the Iguacu River, which separates the two countries.

The progress in Brazil's nuclear power plant program, or rather a lack of it, has been a great disappointment to the country. The much delayed Angra Dos Reis-1 nuclear power plant built by Westinghouse needs repairs in its vapor genera-
tor before it can operate above 30 percent of its capacity. The long-term Brazilian-West German nuclear agreement, which includes the construction of eight reactors and fuel cycle equipment, involves a total investment of over $30 billion. However, Brazil is dissatisfied with the West German fuel enrichment technology and is negotiating a deceleration of the entire program. Additionally, Brazil's short-term economic problems prompted President Figueiredo to freeze spending on the planned construction of two new nuclear power plants. The result was an 80 percent cut in NUCLEBRAS investment for 1983.13 Brazil's hydroelectric power capacity is considered more than sufficient to meet the country's needs for the foreseeable future.

These ambitious government projects have consumed billions of dollars and, as noted above, have yet to produce a return on the huge investment. Earlier attempts by Brazil to construct the Trans-Amazon and Perimetral Norte Highways across the Amazon region were expensive and difficult to complete. The jungle has reclaimed most of the Trans-Amazon Highway, and Brazil built less than one-fourth of the 2,500-mile Perimetral Norte Highway, at a cost of $100 million, before abandoning the effort. American businessman Daniel Ludwig also invested several billion dollars in the Jari Project near the mouth of the Amazon River before discontinuing his attempt to establish a self-contained cellulose production plant in 1981. Twenty-three Brazilian private investors are attempting to continue the Jari Project, and plan an additional $2.4 billion investment.14

In contrast to spectacular development programs like Carajás and Itaipu, Brazil is beginning a research project in Antarctica with a very modest investment. A 2,100-ton research vessel, the former Danish polar research ship, Thalan Dan, was purchased for $3.05 million in 1982. The Brazilian Navy received the ship in September 1982, renaming it the Barão de Tefé. The ship completed its first orientation cruise to the Antarctic in February 1983. In addition to conducting research in the areas of climate, meteorology, marine biology, oceanography, and geophysics of the region with the Ocean-
ography Institute of São Paulo's research ship, Professor Bresnard, the Barão de Teffe will investigate the commercial exploitation of shrimp-like crustaceans called krill. Stocks of these two-inch crustaceans are estimated at 650 million tons. Brazil intends to establish a research station in the Antarctic in 1983-1984, to meet participation requirements of the 1961 Antarctic Treaty by the time the signatories convene in 1991. Although some treaty members support a territorial division of the Antarctic based on such criteria as proximity and tradition of research, Brazil advocates the right of exploration on a co-proprietary basis for all countries with a tradition of research in the area. Brazil is formulating a national Antarctic program, with planning participation by all ministries in the government. Whether Brazil’s objectives are the commercial harvesting of krill or investigation of speculated oil and mineral deposits in Antarctica or its offshore shelf, the commitment to continuing research is a serious one.15

In the next five years, several of Brazil’s large development projects will be fully operational, earning revenue to repay the capital invested. Carajás mineral exports are expected to approach $3 billion per year, and Itaipu hydroelectric power will not only supply a major share of the needs of Paraguay and southern Brazil, but will also be sold to Argentina. The productive entry of these major enterprises into the economy will ease the drain on Brazil’s financial resources, and at the same time will provide a broad industrial base for the country’s future development.

State-Owned Enterprises and Deficit Spending

In recent years, the deficit spending of Brazil’s state-owned enterprises placed an additional financial burden on the country’s inflationary economy. The expanded involvement of the state enterprise in the economy was a reaction to the fear that foreign multinationals would dominate Brazil’s economic sector. During the two decades following World War II, strong public sentiment in Brazil condemned the exploitation of the country’s resources and markets by multinational corporations and supported the return of control of Brazilian
economic assets to state-owned and private enterprise. In the postwar era, Brazil acted to strengthen its emerging industries through import substitution—protecting national industries for production in the domestic market, and discouraging exports. After the 1964 Revolution, leaders influenced by the Escola Superior de Guerra doctrine of centralized national planning embarked on an aggressive development program to reduce dependency on foreign capital. The composition of the Brazilian economy at the end of the 1970s (figure 3.4) reflects this emphasis on government planning, with nearly 78 percent of the 200 largest enterprises being state owned.

In a recent lecture entitled “The State Enterprises and a Redefinition of the Role of the State,” Miguel Colasunno, President of the Order of Economists of São Paulo, explained this significant dominance of the state in the largest enterprises of the Brazilian economy:

Figure 3.4.
OWNERS OF CAPITAL 1979 (IN %)

<table>
<thead>
<tr>
<th>200 Largest Enterprises</th>
<th>6,945 Largest Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Investment</td>
<td>Total Investment</td>
</tr>
<tr>
<td>$96.4 billion</td>
<td>$159.9 billion</td>
</tr>
</tbody>
</table>

- **State-owned**: 77.9%
- **National/Private Capital**: 13.8%
- **Foreign Capital**: 8.3%

- **State-owned**: 50.9%
- **National/Private Capital**: 38.6%
- **Foreign Capital**: 10.5%
Initially, there was an explanation for the appropriate historical evolution (of the expansion of the State) of economic growth. In order to promote the process of import substitution (1950–1963) and, more recently, aiming at maintaining high rates of growth, with a policy of investments reoriented to the sectors of high technology and intensive capital, the government increased its participation in the productive system. Another factor of this expansion given is for reasons of national security with views of national self-sufficiency of strategic goods and services, and with a measure of protection to national capital.\textsuperscript{17}

This government involvement in Brazil's economy in capital intensive projects like Carajás and Itaipu, and in high technology programs such as the Angra Dos Reis I nuclear power plant, contributes significantly to the country's fiscal problems, with the state enterprise replacing the multinational corporation as the prime target of Brazilian public dissatisfaction.

In July 1982, when the Brazilian debt was estimated to be $71 billion, the public sector (state enterprise) was responsible for $48 billion, or almost 67.6 percent of the entire debt.\textsuperscript{1} The remaining $23 billion (32.4 percent) of the external indebtedness belonged to the private sector. The impact that this large external debt can have on the economy can be measured in the estimated debt service (interest plus principal) for 1982. The principal payment of $7.2 billion and the interest of $9.5 billion yielded an estimated annual debt service of $16.7 billion.\textsuperscript{18}

Although 1981 was a year of recession for Brazil, the 382 state corporations under the supervisory direction of the Secretary of Control of State Enterprises (SEST) invested and operated at an active rate, creating a deficit for the year of over $9 billion. The 1982 deficit for these corporations was esti-

\textsuperscript{1}The majority of the imported petroleum debt is linked to PETROBRAS, the state-owned oil company.
mated to be $12 billion. While this deficit spending contributes to Brazil's chronic inflation, which hovered around 100 percent in the early 1980s, the ultimate effect of this indebtedness on the private sector in Brazil is much more significant. The drain on financial resources for sustaining the state corporations reduces the real liquidity of the economy, provoking an increase in interest rates. The higher internal interest rates and credit restrictions limit the growth of the private sector, and could result in some bankruptcies.¹⁹

The budgetary process of the Brazilian government, which fails to reconcile expenditures for state enterprises, credits, and subsidies with government revenues, is a major cause of budget deficits. Consisting of three budgets—Fiscal, Monetary, and State Enterprises—the Brazilian budgetary system is probably unique in the world. The Fiscal Budget, the only one submitted to the national congress for approval, includes expenditures necessary for maintaining the administrative machinery of the government and usually projects a surplus of government revenues. The Monetary Budget administers the credits and subsidies for agriculture, energy, and exports, and the SEST Budget includes income received by the state enterprises and funds planned for expenditure. When deficits occur, they are covered by the Monetary Budget, which actually consists of authorized accounts in the monetary authorities of the country—the Banco Central and the Banco do Brasil. These banks thus transfer the funds from the Treasury to pay the deficits.²⁰

Brazil's former Planning Minister, Roberto Campos, expressed frustration with these state-enterprise giants in comments that represent the opinions of many of his countrymen:

With a restrictive program initiated, the private sector has to cut costs in order to survive, including labor, and to lower prices for the stimulation of competition. The state enterprise dinosaurs rarely succeed in reducing costs, preferring to raise prices and tariffs or appeal to the government. It is not, my friends, pure accident that those countries more successful in combating inflation—West Germany, Japan and Switzerland—are pre-
cisely those in which the operational intervention of the government is small and the regulatory intervention, extremely modest.\textsuperscript{21}

This government intervention by regulation referred to by Roberto Campos is called \textit{dirigismo} (practice of economic direction by the state) by those Brazilians in the field of economics. Whether economists, bankers, or private businessmen, these Brazilians resent the consistent intervention of the state. For example, when balance-of-payments problems are experienced, the government imposes limits on imports, some of which may be essential to private enterprise survival. Additionally, private banks receive credit quotas for sectors of the economy (for example, 25 percent for agriculture loans), actions that can restrict opportunities for the banks to make profitable investments of their own choosing. As a result, these banks often charge higher interest rates to private national corporations to compensate for these artificial investment limitations.

One of the solid supporters of the left in the Brazilian Democratic Movement Party, economist Maria Conceição Tavares, relates that the problem is not the internationalization of the Brazilian economy (by multinational corporations), but rather that “the Brazilian case is for denationalization.”\textsuperscript{22} The Figueiredo government formed a Special Commission for Transfer of State Enterprise to the Private Sector. Of the 687 public enterprises in Brazil under review for return to private industry, over 180 of these public enterprises are now private or will be when transfer is formalized. Of the state enterprises that were not reviewed by the program, ninety are considered legal monopolies in the interests of national security.\textsuperscript{23} Based on progress to date, reduction of Brazil’s state-enterprise involvement will be a difficult long-term project. The much discussed combination of the country’s three budgets into one that is subject to congressional review and revision, could be the breakthrough required to improve deficit management and ease inflationary pressures on a debt-burdened economy.
One consequence of the huge external debt acquired by Brazil in the course of its rapid, big project development through a decade of rising oil prices is the cash-flow shortage the country experienced at the end of 1982. The severe drop in world trade as a result of the global recession in 1982 hampered Brazil's effort to use its broad range of exports to finance the $17 billion of principal and interest due at the end of 1982. Additionally, decreasing prices in such primary commodities as sugar, coffee, and cocoa produced a lower return on these products in spite of the increase in quantities exported. When Brazil needed loan assistance to overcome this liquidity crisis, the world banking community, shaken by the Argentine and Mexican fiscal crises, was reluctant to venture additional capital in Brazil. President Reagan demonstrated strong US support with a $1.2 billion "bridge" loan during his December 1982 visit to Brazil. Subsequent backing from the International Monetary Fund (IMF) caused financial organizations to provide the Brazilian government the necessary capital to avert default.

The most significant outgrowth of this liquidity problem is an apparent drastic US policy reversal on increasing US contributions to the International Monetary fund to assist developing nations. Although the Reagan administration's legislative initiative to increase US participation in the fund by 40 to 50 percent will face stiff opposition in Congress, the fact that almost 50 percent of the debt in troubled countries like Mexico, Argentina, and Brazil is owed to American banks may be a deciding factor. The urgent need to bolster the fund for these emergency loans was the result of the rapid, compressed period in which these crises occurred.

After the recent economic crises are overcome, US policy will probably favor restrictive loan policies to the more advanced developing countries like Brazil. This move to favor lesser developed countries will be a source of continuing friction between the United States and Brazil in the long term. In spite of the uncertainty of the long-term loan policy issue, the rapid commitment of US financial aid and influential support in the Fund came at a time when other nations and banks were
reluctant to assist Brazil. The United States demonstrated the importance of Brazil’s economic survival, and Brazilian government leaders were appreciative of the timely aid provided.

Export Promotion in International Markets

In the postwar period when Brazil practiced import substitution, its exports were dominated by basic agricultural commodities like coffee, sugar and cocoa, and the value of this commerce was modest. By 1979, Brazilian manufactured exports exceeded commodity exports for the first time and total exports for the country totalled $15.2 billion. With the rapid growth of the country’s external debt as a result of the second oil shock and rising interest rates, export promotion and the search for markets became a priority tactic for financial survival. Even when the country’s growth declined in 1981, Brazil enjoyed the greatest export total ($23.3 billion) and balance-of-payments surplus ($1.2 billion) in its history.25

The establishment of Brazil’s pragmatic, independent foreign policy in the 1970s and aggressive export promotion in the Middle East, Africa, and Asia can be linked to the economic necessity of improving the country’s balance of payments, particularly with the rising costs of imported petroleum. Because of its large deficits with petroleum producers, like Saudi Arabia, Iraq, and Nigeria, Brazil’s diplomats and business representatives actively market products and services in these countries to narrow these deficits. When the Iraq-Iran war broke out in 1980, Brazil was forced to diversify its petroleum purchases because of the uncertainty of supply from its long-time trading partner, Iraq. Brazil recently doubled its oil imports from Saudi Arabia from 50,000 to 100,000 barrels a day. The Brazilian deficit with Saudi Arabia, which was $3.3 billion in 1981, was estimated at $2 billion in 1982. The Saudis have expressed an interest in investing in Carajás, and in return Brazil is offering construction services for various projects, including electric energy distribution.26 In Africa, Brazil is an active commercial partner with Nigeria, exchanging Brazilian exports for Nigeria’s high-quality petroleum. Future exploration of Mozambique’s coal potential and Angola’s oil
reserves are Brazilian priority interests in these former Portuguese colonies.

In the Western Hemisphere, Brazil's exports to its Latin American neighbors rose to $4.3 billion or 18.5 percent of its sales in 1981. The Brazilian government hopes to expand this trade in the region where it maintains a substantial surplus. While Brazil has a trade deficit with Canada, it had a trade surplus with the United States for the first time in 1981. In 1980, the United States had a $601 million surplus, but the Brazilian surplus a year later of $600 million was a significant reversal after the historical dominance of the United States in the trade sector. Brazil also enjoyed a $800 million surplus in 1982.27

Historically, Brazil has always maintained a lopsided surplus of trade with Communist Bloc nations. In 1980, Brazilian exporters sent $1.3 billion (6.5 percent of total exports) in commodity and manufactured goods to the Communist Bloc and received only $248 million of imports in return. In July 1982, Brazil's Planning Minister, Delfim Netto, and the Head of the Planning and Budget Committee of the Supreme Soviet, Tikhon Kiselev, met in Brasilia to discuss expanding their bilateral trade to approximately $1 billion a year. Brazil had researched the industrial products it desires to import for over a year before deciding to trade for five Soviet turbines ($120 million each) for the future Ilha Grande hydroelectric dam in southern Brazil. Later in 1982, Brazil purchased one million tons of petroleum from the Soviet Union as Planning Minister Delfim Netto sought to achieve a more balanced trade relationship by reducing the trade surplus.28

Brazil has exported a wide range of products to the Soviet Union, including sugar, coffee, soybeans, and footwear. In exchange, Brazil has agreed to purchase Soviet technology to produce alcohol from wood, and to contract for Soviet petroleum technicians to assist in oil exploration in the Paraná basin in the southern part of Brazil near São Paulo.29 Brazilian long-term planners are apparently realizing a profitable technology gain (for example, ethanol, petroleum, and mineral exploration) from Brazil's trade advantage with the Soviets.
These arrangements appear to confirm the determination of the Brazilian government to pursue economic policies aggressively and pragmatically, regardless of the ideology of its commercial partners.

The Department of Commercial Promotion at Itamaraty is working jointly with the Institute of Economic and Social Planning (IPEA) to promote Brazil's exports in the international market. Compiling information from the 130 sectors of Commercial Promotion, located in Brazilian embassies and consulates throughout the world, these two agencies are using computers to match the export preferences of Brazilian enterprise with demands in potential markets in all parts of the globe. In July 1982, the first terminal of a 55-station computer network was inaugurated in New York at the Banco do Brasil. This network will facilitate the exchange of market information between Brasilia and thirty-two selected locations throughout the world. This improved marketing strategy should contribute to the economic growth of Brazil and make the export program more efficient.

During the 1982 world recession, Brazil continued to display a practical economic policy through the use of barter negotiations in collecting products from nations who owe money and are unable to transfer monetary payment. Poland renegotiated its $1.5 billion debt with Brazil by agreeing to transfer four ships (two for gas transport) and $125 million of petroleum (500,000 tons). Iran will transfer $200 million in oil in exchange for Brazilian products, and Mexico will receive exports in exchange for $75 to $85 million of petroleum. Planning Minister Delfim Netto is proposing a bilateral exchange of products with Mexico to help both countries avert their indebtedness crises:

If we could convince Mexico, as we are trying to now, we could overcome the crisis; you no longer have to arrange the money; I have an enormous industry of goods and capital; I open a credit of $2 billion to you; you open a credit of $2 billion to me; I sell you my equipment, I give employment for my Brazilians; you sell me your pe-
troleum and give employment to your Mexicans. If we
add up the crises, they turn to prosperity. If we succeed
in convincing Nigeria that we can add up the crises, each
one of us will succeed in recovering.32

With innovative efforts like these barter negotiations, Brazil is
actively seeking solutions to its problems, rather than surrendering to pessimism. However, some of these barter arrange-
ments are caused by poorly managed trade balances and are ineffi cient solutions, because national industries may lose business contract opportunities. For example, the Brazilian shipbuilding industry was suffering from depressed demand during the recession, and the Polish ship transfer added to its difficulties.

Market Competition and Trade Disputes

The similar structure and composition of the US, Brazilian, and European Common Market economies place them in intense competition with each other in agricultural and manufactured goods markets. While the Common Market has been somewhat intransigent in its trade policy (as evidenced at the November 1982 conference of the General Agreement on Tariffs and Trade [GATT] in Geneva, Switzerland), the United States and Brazil have consistently been able to negotiate their trade differences. Recent disputes often centered on the definition of Brazil’s status among the world’s nations. The United States argues that because Brazil ranks eighth in the world in Gross National Product, that it should be considered an advanced developing country, thus eligible for “graduation” from some of the preferred lending and trade advantages the lesser developed countries enjoy. Brazil counters with the position that its per-capita income, severe external debt problems, lack of advanced technology and primitive health, nutrition, and housing conditions in many parts of its territory, make it a developing country still in urgent need of the advantages it currently enjoys.

Apart from these arguments, an evolution is taking place of which the United States and Brazil must be aware. Brazil’s
immense external debt (50 percent of which is owed to US banks) can be managed, and recent US financial assistance to Brazil indicates the US Government is aware of its stake in ensuring that Brazil overcomes the debt crisis in the next one to three years. The foresight of the Brazilian government in developing its productive energy substitution program should ease the impact of imported petroleum on its future balance-of-payments and external debt situations. The shift in the US-Brazilian balance of payments to a Brazilian surplus indicates the potential for Brazil to compete with the United States on an equal basis in many markets.

Brazil has clearly demonstrated its competitiveness with the United States in the area of agricultural products. Concentrated orange juice has become a leading Brazilian export in less than twelve years. In 1970, Brazil exported 33,400 tons of the product for a value of $14.7 million. Brazil now leads the world in the export of the concentrate—selling 580,000 tons for $640 million in 1981. When the Florida orange crop was damaged by frost in the winter of 1981, Brazilian orange producer José Cutrale received $170 million for deliveries made to the United States in a forty-eight-hour period. In 1975, the United States controlled 35 percent of the frozen-chicken market in the Arab countries of the Middle East, and Brazil had 2 percent of that market. Brazilian enterprises improved to a 38 percent share of the sales in 1982, exchanging the frozen chicken for petroleum.

Brazil’s state-owned aircraft company, EMBRAER, sold over eighty-two Bandeirante, turbo-prop commuter aircraft to small airlines in the United States before Fairchild Industries filed a complaint with the International Trade Commission (ITC) claiming that a government export subsidy of 44 percent allowed the Bandeirante to compete unfairly with Fairchild’s Metro 3 by virtue of its cheaper financing (9 percent). EMBRAER argued that its aircraft could not be compared with the Metro because the Fairchild airplane has a pressurized cabin and the Bandeirante does not. Additionally, the Brazilian aircraft company felt it was unfair to levy an import tax on a plane with a composition of 54 percent US-made compo-
nents. While awaiting the Commission's decision, Brazilian officials implied that the estimated $200 million purchase of Boeing 757 jets by Transbrasil Airlines might be cancelled if the ITC ruling was against EMBRAER. Ultimately, the Commission decided in favor of EMBRAER, and an import tax was not levied. At one point in 1982, the International Trade Commission was reviewing similar complaints on other Brazilian exports, such as specialty steel, textiles, shoes, orange juice, leather products, and plastic thread. Historically, the Commission has rejected most of these complaints, but of those that it did approve, bilateral negotiation often yielded compromise import taxes, or, in some cases, Brazil agreed to impose the export tax required to settle the claim.

Brazil exports numerous products to the United States under the auspices of the Generalized System of Preferences (GSP). Legislation establishing the Generalized System of Preferences was contained in the Trade Reform Act of 1974, in an effort to reduce barriers to the exports of developing countries. The System permits eligible products from those countries to enter the US market duty free. Designated beneficiary developing countries like Brazil can export directly to the United States those manufactured and agricultural products that are not on a list of sensitive, excluded products to a maximum of $25 million (in 1974 dollars) or 50 percent of total US imports of the article. While some products, including footwear, textiles, and apparel, are legally excluded from the Generalized System of Preferences, others not produced in the United States are exempt from the 50 percent or $25 million ceiling.

In 1981, $8.4 billion in imports to the United States entered under the Generalized System of Preferences. Brazil was a recipient of $515 million of these sales, and ranked fifth on the list of benefiting nations behind Taiwan, South Korea, Hong Kong, and Mexico. Although the United States recently has graduated only three products totaling $100 million from this duty-free status, Brazil feels that the United States is restricting its trade unfairly to protect US industries. The bigger test, yet to come, is the need to renew the GSP legislation in
1985. In the current climate of concern for protecting US industries from foreign penetration into national markets, Congress may not renew the legislation, or it may exclude the more advanced developing countries. Either of these negative prospects would certainly have a detrimental effect on US-Brazilian relations.\textsuperscript{37}

Both the United States and Brazil have complained about lack of access to each other's markets. Brazil accounts for about 1.9 percent of US trade, while 17 percent of Brazil's exports are sent to the United States. In return, Brazil receives about 17 percent of its imports from US exporters. The US markets are more open to imports than are those of other nations and the demand is more stable. Thus, when the United States places quota limits on Brazilian sugar or graduates a GSP product, the impact on the Brazilian balance of payments can be substantial. Many of the Brazilian exports to the United States have received export subsidies or incentives that are not in keeping with the General Agreement on Tariffs and Trade. In 1979 Brazil agreed to repeal the export subsidy (credito prêmio), but then negated the effect of the repeal with a large monetary devaluation. The subsidy was returned, and the two countries are now negotiating the repeal once again. These subsidies make Brazilian exports to the United States prime targets for complaints filed with the International Trade Commission by American business rivals claiming unfair competition.

Conversely, Brazilian markets are well protected by legislation restricting foreign competition. In order to boost the national computer enterprise, the Brazilian government prohibited foreign countries from selling computers in Brazil. As a result, Brazilian business pays higher prices for its small Brazilian computers and hardware, and will for some time, until improved production technology and efficient operation reduce costs. While litigating "dumping" claims for its shoe sales in the United States, Brazil has placed a 170 percent tariff on shoes imported into Brazil.\textsuperscript{38}

The Brazilian market is open to imports of advanced technology. The most desirable means for acquiring technology
are through coproduction agreements where licenses can be purchased for production by Brazilian firms. Common Market countries, West Germany, Italy, France, and the United Kingdom, have been willing to sell technology to Brazil on favorable terms and with no strings attached. The Brazilian government is moving rapidly to assimilate advanced technology into its own national industry.

What does the future hold in store for US-Brazilian trade agreements and market competition? Brazil has historically negotiated its trade differences (for example, ITC complaints and GSP graduations) on a case-by-case basis. This practice has produced a patchwork quilt effect across a wide range of products. Brazil insists that its markets must remain protected by tariffs against US exports in order for the Brazilian economy and national industries to survive. In the long term, Brazil will continue to negotiate its trade differences with the United States. Notwithstanding the inflammatory claims by the media in both countries, US and Brazilian government officials have maintained a conciliatory dialogue in their business relationships, compromising in negotiations, even when under pressure from their national business interests. President Figueiredo addressed the United Nations General Assembly on 27 September 1982 and appealed to nations of the South on the need for a constructive dialogue:

We must also demonstrate our capacity for seeking in a serene and constructive spirit, the fulfillment of our claims. However legitimate, our claims should not lead us into rigid and maximalist negotiating postures—lest we weaken our own principles and ideals and exacerbate even more the intransigence which characterizes certain sectors of the developed world.39

President Figueiredo's constructive approach to problem solving is consistent with Brazil's traditional tendency to negotiate trade disputes rather than apply sanctions or reprisals. Brazil will strive to achieve the most advantageous economic result with whoever can provide what it needs, under the most favorable conditions, and always in its own best interest.
Although the current conservative leadership of Brazil is willing to negotiate trade disputes with the United States, future Brazilian governments with a more stridently nationalistic tendency might be less conciliatory to the United States. A deterioration of the US-Brazilian relationship under this leadership could result in the nationalization of US business interests in Brazil, as well as other financial losses to the United States in the form of unpaid loans. These potential consequences point up the importance of the political and economic dialogue between the two countries.
ABERTURA: THE POLITICAL OPENING

How could the evolution of Brazil's redemocratization process, abertura, with potential changes in leadership philosophy, affect the US-Brazilian relationship? Abertura is literally translated as "an opening," and in this political context it means a more democratic participation in the government—free elections for all Brazilian public offices except the country's president. On 15 November 1982, Brazilian voters realized a significant milestone when they selected the national and state officials who will serve as electors in the indirect election of the next Brazilian president in 1985.

Of the five political parties that participated in the election, the government's Partido Democrático Social (PDS—Social Democratic Party) maintained the electoral majority required to select President Figueiredo's successor. The leading opposition party, Partido Movimento Democrático Brasileiro (PMDB—Brazilian Democratic Movement Party), however, gained a national popular vote margin of five to six million votes over the Social Democratic Party and a strong representation in both houses of the national congress. As the abertura process evolves, perhaps imparting a return of broader legislative power to the congress and direct elections for the presidency more akin to the American model of democracy, an awareness of the political figures and the party programs becomes essential to understanding possible outcomes in the future of the US-Brazilian relationship.
Beginnings

One of the principal causes of the 1964 Revolution in Brazil was the failure of leftist-influenced President João Goulart and a hostile, opposition-controlled congress to deal with the country's economic crisis. After popular support of conservative and centrist political elements legitimized the removal of leftist elements in the congress, government, and armed forces, the military leadership was reluctant to return control of Brazil to civilian politicians whose factionalism had precluded consistent consensus direction of the country since 1945 (see Appendix). As the politicians objected, the military leadership responded with a series of Institutional Acts (or Executive Decrees) in the interest of national security that emasculated the role of the political parties in the governing process.

In 1965, all political parties were abolished by Institutional Act No. 2 and were re-formed into the government party, Aliança Renovadora Nacional (ARENA—National Renovating Alliance), and the opposition party, Movimento Democrático Brasileiro (MDB—Brazilian Democratic Movement). Congress was suspended several times, and outspoken politicians who publicly criticized government policies were removed from office, deprived of their political rights, and sometimes exiled. While elections were held for the national congress, state governors and mayors of large urban centers were appointed by the central government. After the limited political activity of the 1967–1973 period, the opposition MDB candidates surprised the authoritarian regime with significant gains in the 1974 and 1978 elections. In order to maintain a simple majority in the Senate, the Geisel government modified the constitution to allow the electoral college, controlled by the government, to "select" a limited number of senators. These "bionicos," which were created to ensure the ARENA majority in the upper house, were named for the well-known television program, "The Bionic Woman."
Concurrent with this resurgence of opposition-party activity, the Brazilian economy experienced a serious setback in 1974, as a result of skyrocketing petroleum prices. Brazil was importing 80 percent of the oil that sustained its rapidly expanding industrial base and massive infrastructure. In addition to the combination of opposition-party advances, and economic setbacks, the Geisel administration (1974–1979) (table 4.1) encountered dissenting groups composed of middle-grade army officers who advocated restoring democratic freedoms and political processes coincident with a return of the armed forces to the quarteis (barracks). These political and economic pressures set the stage for the return to a more liberal democratic process in Brazil.

Table 4.1

BRAZIL’S PRESIDENTS (1946–PRESENT)

<table>
<thead>
<tr>
<th>PRESIDENT</th>
<th>PARTY</th>
<th>TERM</th>
</tr>
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<tbody>
<tr>
<td>Eurico Gaspar Dutra</td>
<td>Social Democratic</td>
<td>1946–1951</td>
</tr>
<tr>
<td>Getúlio Vargas</td>
<td>Brazilian Labor</td>
<td>1951–1954*</td>
</tr>
<tr>
<td>Juscelino Kubitschek</td>
<td>Social Democratic</td>
<td>1956–1961</td>
</tr>
<tr>
<td>Jânio Quadros</td>
<td>Nati. Demo. Union</td>
<td>1961–Resigned</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8/25/61**</td>
</tr>
<tr>
<td>João Goulart</td>
<td>Brazilian Labor</td>
<td>1961–1964</td>
</tr>
<tr>
<td>Emílio Garrastazu Medici</td>
<td>&quot;</td>
<td>1967–1969</td>
</tr>
<tr>
<td>Ernesto Geisel</td>
<td>&quot;</td>
<td>1974–1979</td>
</tr>
</tbody>
</table>

*Committed suicide in office, three interim presidents.
**Resigned in office, succeeded by Vice President Goulart.
+Elections since 1964 Revolution have been indirect.

President Geisel was considered a moderate of the “castellistas” (General Castello Branco—President
1964–1967), a faction of the revolutionary participants. He established the concept of *abertura* on 19 March 1974, when he delivered the keynote speech at his first ministerial meeting:

> We will make sincere efforts for a gradual, but safe democratic improvement, amplifying honest dialogue and mutual respect and stimulating greater participation of the responsible elite and the people in general for the creation of a beneficial climate of basic consensus and completing the institutionalization of the principles of the revolution of 64.²

Although Geisel formulated the *abertura* concept and provided for the initial reforms, none of the changes were in effect until after he departed the presidency.

President Geisel wanted to be succeeded by a moderate, and in late 1977 the Army Minister, General Sylvio Frota, a member of the "linha dura," hard line or rightist, faction posed a threat to his succession plans. In October 1977, President Geisel dismissed General Frota; Geisel later announced his selection of General João Baptista Figueiredo, another moderate "castellana," as his candidate for the indirect election process to succeed him in office. Discontented army leaders advanced the candidacy of General Euler Bentes Monteiro to the MDB opposition on a platform of liberal democratic reforms. Although General Figueiredo ultimately triumphed in the indirect selection process of the electoral college, the combination of economic and political factors seemed to indicate to the authoritarian government that the gradual improvements President Geisel had announced at his first ministerial meeting were necessary.

**Democratic Reforms**

Before leaving office, Geisel formulated institutional reform legislation which:

- Ended the abrogation of the mandate of elected officials under Institutional Act No. 5
• Ended the suspension of political rights under Institutional Act No. 5
• Ended the right of the president to close the Congress
• Ended other arbitrary powers such as compulsory retirement of public officials
• Ended the punishment of death, exile, and life imprisonment
• Reestablished habeas corpus for political crimes

These reforms were placed in effect in March 1979, after President Geisel left office. In spite of this substantial improvement in the area of human and political rights, some of these special powers were reserved by a law authorizing the president to declare a state of emergency in the event of an internal crisis.

General Figueiredo's assumption of the presidency in March 1979 resulted in the fulfillment of a campaign promise that he had made as his commitment to the continuation of abertura. In mid-1979, he declared an amnesty for all who had been punished for political crimes under the National Security Law and Institutional Acts. This amnesty covered all politicians removed from public office, deprived of their political rights, or exiled, as well as citizens—labor leaders and military personnel—whose opposition to government policies had resulted in similar punishments. Those convicted of acts of violence or terrorism were not eligible for amnesty.

Amnesty permitted the return to Brazil of such volatile political figures as Luis Carlos Prestes (Brazilian Communist Party Secretary General), Leonel Brizola (former governor of the state of Rio Grande do Sul and Brazilian Labor Party leader), and Miguel Arráez (former leftist governor of the state of Pernambuco), and stimulated a resurgence of political fervor in Brazil. In an effort to defuse this activity and perhaps to neutralize the gains of the opposition Brazilian Democratic Movement in the 1978 elections, the government abandoned its 15-year effort to establish a two-party political system. President Figueiredo proposed a law, later passed by the congress, that abolished existing parties in favor of re-forming...
new parties under a multiparty system. The 1980 municipal elections were cancelled, ostensibly to permit the political parties to form and organize in preparation for the 1982 nationwide elections for offices at every level from local prefect (mayor) to senator in the congress in Brasilia.3

President Figueiredo’s determination to ensure that abertura evolved gradually, but in a progressive direction, can best be portrayed by two events that took place in late 1981. In October 1981, the president suffered a heart attack that eventually resulted in his travelling to Cleveland, Ohio, to undergo treatment by a cardiac specialist. From the time of Figueiredo’s heart attack until his return to office in mid-November, the civilian vice president, Antonio Aureliano Chaves de Mendonça, served as acting president in accordance with the constitution. (When President Costa e Silva was incapacitated by a stroke in 1969, a junta quickly seized control of the government, while evaluating the ability of the president to continue in office, rather than permit the civilian vice president to assume the country’s leadership.) Although President Figueiredo expressed confidence in his civilian deputy, legislative action taken on his return to office made it clear to Brazilians that abertura would be a gradual, evolutionary process. Electoral reform legislation submitted to congress in November 1981 by President Figueiredo required the following changes for the 1982 elections:

1. Voting for all municipal, state, and federal elections would be on a straight party ticket.
2. All slates would contain candidates for all the positions to be disputed in 1982.
3. The withdrawal of a candidate for a gubernatorial post would result in the cancellation of all those votes the party in question received.
4. All ballots would be cast for candidates of one single party.

The congress had forty days to reach a decision on the bill or it automatically became law.4 The adoption of the straight
party ticket vote was apparently a maneuver intended to ensure that the government party, now the Social Democratic Party (formerly ARENA), maintained a sufficient majority in the electoral college to control the indirect election of President Figueiredo's successor. The parties most affected by this initiative were the smaller ones formed by the return to a multiparty system—they often did not have the national organization to slate candidates in all positions on the ballot in all states.

Table 4.2
POLITICAL PARTIES

<table>
<thead>
<tr>
<th>PARTY ORIENTATION</th>
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<tr>
<td>PARTY ORIENTATION</td>
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<tr>
<td>Social Democratic (PDS)</td>
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<tr>
<td>Brazilian Democratic Movement (PMDB)</td>
</tr>
<tr>
<td>Popular (PP)</td>
</tr>
<tr>
<td>Brazilian Labor (PTB)</td>
</tr>
<tr>
<td>Democratic Labor (PDT)</td>
</tr>
<tr>
<td>Workers (PT)</td>
</tr>
</tbody>
</table>

Among the new parties, the _Partido Popular_ (PP—Popular Party) contained centrist and moderate liberal politicians who formerly were members of the National Renovating Alliance and the Brazilian Democratic Movement. The party, organized in July 1981, was represented by 12 senators and 70 deputies in the congress. Because the Popular Party lacked an extensive political organization in all of Brazil's regions, President Figueiredo's electoral reforms severely affected the PP's ability to compete. In a move designed to permit party members and programs to be represented in the congress, the Popular Party merged with the Brazilian Democratic Movement to form the Brazilian Democratic Movement Party (PMDB) in December 1981. Although the government strongly opposed the merger, which strengthened the opposition party front, the Superior Electoral Court approved it.
The PP-MDB merger caused some defections of PP members back to the conservative Social Democratic Party. Those who eschewed the merger seemingly rejected affiliation with a party (PMDB) that included some extreme or radical elements in its diverse composition. The political dilemma caused by the complex combination of government-decreed electoral restrictions and a lack of clearly stated party programs was assessed by journalist Paulo Henrique Amorim's introduction to the recent book, *Partidos e Políticos*:

Bad with them, worse without them, the Brazilian political parties. By a defect of fabrication—they were born out of obligation—the new parties created a very confusing picture, where, with difficulty, little is understood beyond the same division which there was in the time of two parties: Government and Opposition. One has the impression that there are no parties, but politicians in parties; at present there exists no other remedy in order to be elected. Nor, from a reading of their programs is it clarified.5

Amorim indicates the challenge for Brazil's political parties: overcoming the artificialities of their current organization, and maturing into viable advocates for interest groups representing concrete issues and policies. In the past, opposition to the government, which has controlled Brazil's destiny since 1964, was a common outcry of politicians. To regain democratic participation in the governing of Brazil, the parties will have to demonstrate responsible leadership at the various levels of government in which they now hold office.

**Populism versus Party Programs**

Brazil's political history is replete with examples of the success of populist politicians. Generally, a populist is defined as a member of a political party purporting to represent the rank and file of the people. Brazilian populism was related to the social changes that industrialization brought about in the country's development. As a prototype Brazilian populist dictator, Getúlio Vargas rose to power in the 1930s and made his
political career advocating nationalism and the cause of the working class, although he was an elite landowner. He assumed the role of mediator between the working class and the industrialists, offering social reforms to the working class and nationalist protection against foreign investors to the corporate sector.  

In Brazil's postwar democracy (See Appendix) populist presidents had a difficult time developing and implementing party programs because of the fragmentation of power among the numerous political parties. Of the postwar administrations, only Juscelino Kubitschek's presidency from 1956 to 1961 could be considered effective, based on its significant developmental accomplishments, which included establishing the centralized capital city of Brasilia and completing numerous infrastructure projects (such as hydroelectric power plants and major highways). Although inflation continued to be a chronic Brazilian economic problem during the Kubitschek presidency, the chief executive maintained an effective relationship with the congress, avoiding confrontation in executing his consensus style of leadership.

The two-party system established by the Castello Branco government in 1965 was designed to overcome the problem of fragmented power caused by the multiparty system. Although resolutely maintained by succeeding presidents, the two-party system did not develop two consensus political parties as its architects had hoped. Ultimately, because the political parties had little clout in establishing government policy, party affiliation meant a declaration of philosophy—conservative or liberal—as the politicians bided their time awaiting the return to a democratic process. From 1965 to 1980, when the National Renovating Alliance and the Brazilian Democratic Movement were the only official parties, many factions existed in both groups with the opposition Brazilian Democratic Movement containing the widest range of beliefs, center to extreme left. The true extent of the radical diversity was masked by the need to survive politically, avoiding the loss of elected mandate and political rights under Institutional Act No. 5.
With the return to the multiparty system in 1980, six political parties were formed, including the Brazilian Labor Party (PTB) and other labor party variations (see table 4.2). These new political groupings or parties demonstrate that during the 1965–1980 period the factionalism that had contributed to the 1964 Revolution was merely legislated into dormancy.

Parties and Ideas

Some of Brazil’s political parties in 1982 represent broad opposition to the government policies of national economic development and social welfare. Others are more issue oriented toward specifics, such as labor regulation and organization and wage and price controls.

Social Democratic Party (PDS)

The Social Democratic or government party evolved in the multiparty reforms from the old National Renovating Alliance (ARENA) party created by President Castello Branco in 1965. Established on the foundation of the conservative, middle-class democrats of the postwar National Democratic Union party (see Appendix) of which Castello Branco was a member, ARENA became more conservative as some of its disillusioned members defected to the opposition or lost their political rights during the course of the post-Revolutionary authoritarian rule. The party contains career politicians, government technocrats (ministers and public officials), and a large number of retired military officers who hold or have held elective office or government posts since 1964. Geographically, its membership contains a large rural component.

Table 4.3
SOCIAL DEMOCRATIC PARTY

<table>
<thead>
<tr>
<th>ORIENTATION</th>
<th>PROGRAMS AND TENDENCIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative</td>
<td>Centrally planned national development</td>
</tr>
<tr>
<td></td>
<td>Independent foreign policy</td>
</tr>
<tr>
<td></td>
<td>Pragmatic political and economic policies</td>
</tr>
</tbody>
</table>
Since 1967, this ruling political body has established a centrally directed plan of national development coordinated by economic technocrats. Under its leadership, Brazil has pursued an independent, pragmatic foreign policy guided by its professional diplomats at Itamaraty, and expanded its economic and diplomatic presence on the international scene in an effort to reduce economic dependence on the United States. On the pragmatic side, the economic and political policies of the government have not been extremely nationalistic because of the recognized need for foreign investment capital and trade to assist in Brazil's development as a world power. Recently, Brazil was forced to negotiate loans from the International Monetary Fund, the United States, and commercial banks to meet short-term payments on its large external debt. The manner in which Brazil maintained its independent stance while cooperating with those nations and international organizations that could aid its cause, demonstrated this pragmatic leadership of the Social Democrats. The Social Democratic Party or any party grouping containing members advocating these policies of pragmatic, centrally planned national development would pursue them for the foreseeable future.

**Brazilian Democratic Movement Party (PMDB)**

Under the two-party system established by the Castello Branco government, the Brazilian Democratic Movement (MDB) was the opposition party alternative to the National Renovating Alliance. The Brazilian Democratic Movement never existed as a cohesive political unit in its philosophy or ideology, but provided a front for the diverse factions of the opposition. When President Figueiredo reestablished the multiparty system, some of the extreme opposition groups migrated to the Brazilian labor parties. Throughout its history, the Brazilian Democratic Movement Party has contained a large urban membership of middle-class professionals (that is, lawyers, journalists, and professionals with a medical or health background). Because of the 1982 election reform legislation which caused the PP-PMDB merger, the party also
contains a centrist liberal faction of upper middle-class and elite private-sector representatives led by Senator Tancredo Neves and former São Paulo Mayor Olavo Setubal (President, Banco Itaú).

Table 4.4
BRAZILIAN DEMOCRATIC MOVEMENT PARTY

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<tr>
<th>ORIENTATION</th>
<th>PROGRAMS AND TENDENCIES</th>
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<tbody>
<tr>
<td>Liberal Democratic</td>
<td>Nationalistic foreign policy</td>
</tr>
<tr>
<td></td>
<td>Free enterprise capitalism</td>
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<td></td>
<td>Human rights and social welfare reforms</td>
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Comparing PDS–PMDB party ideals or programs reveals some significant differences in policy. These differences could change the tone and pragmatic side of Brazil’s domestic and foreign policies if abertura permits greater political party influence in the setting of national policy. While the constitution currently provides for an indirectly elected president, the Brazilian Democratic Movement Party advocates direct elections for all municipal, state, and national offices (that is, prefect, governor, senator, deputy, and president). The party also supports enfranchisement of all Brazilians over 18 years of age, including the illiterates who are currently prohibited from voting. Brazilian Democratic Movement programs place the highest priority on reestablishing all the basic rights of the common man, particularly the democratic right to participate in the governing of the country. Party members are opposed to the paternalism practiced by the government since the 1964 Revolution. A broad range of agrarian and labor reforms are integral parts of the party platform. These reforms include the right of labor to organize and the correction of wage policies that have resulted in an inequitable distribution of income.

The external policy plans of the Brazilian Democratic Movement Party are stridently nationalist and include:
• Struggle against all forms of imperialism
• Solidarity with underdeveloped peoples in the struggle against imperialism
• Nationalization of foreign enterprise whose activity is considered fundamental for economic development and national security

These PMDB political and economic tenets could pose some serious roadblocks for the future of the US-Brazilian relationship if actively practiced as Brazilian national policy. The PMDB politicians, however, have not had an opportunity to practice these nationalistic ideals in international fora where realistic political and economic pressures often modify ideal principles.

Brazilian Labor Party (PTB)

In Brazilian political history, the Brazilian Labor Party is remembered for its founder Getúlio Vargas and for the stormy presidential administrations of its party leaders, Vargas and Goulart. The Brazilian Labor Party is now led by a descendant of the late dictator-president, ex-deputy Ivette Vargas. She won this leadership role and the right to the party name after a dispute in the Supreme Electoral Tribunal with a former PTB radical reformer and ex-governor of Rio Grande do Sul, Leonel Brizola. A majority of the getulistas or loyal nationalist reformers followed the charismatic Brizola to the new party he formed, the Democratic Labor Party. What remains to carry the old Vargas standard into the political arena is a curious collection of politicians from the past. Among these veterans are members of the postwar National Democratic Union, including former São Paulo governor and president of Brazil, Jânio Quadros. Several members of the Brazilian Democratic Movement have also joined the Brazilian Labor Party for their first exposure to a labor party. The Brazilian Labor Party under Getúlio Vargas was based in Brazil's southern state of Rio Grande do Sul, but the revived Brazilian Labor Party has become a reform party with its electoral base in the urban centers of Rio de Janeiro and São Paulo.
Table 4.5
BRAZILIAN LABOR PARTY

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<tr>
<th>ORIENTATION</th>
<th>PROGRAMS AND TENDENCIES</th>
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<tbody>
<tr>
<td>Leftist, Socialist</td>
<td>Liberal labor reforms</td>
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<td></td>
<td>Human rights and social welfare reforms</td>
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The PTB's primary program efforts have been directed along local reform platforms in the states of the party's candidates. Competing in only seven states in the 1982 election for governor, and senator and deputy in the national congress, the Brazilian Labor Party, with its diverse political assemblage and limited electorate, seems to possess a political future only as a member of a reform coalition.

Democratic Labor Party (PDT)

When he returned to Brazil from exile in 1979, Leonel Brizola was determined to revive the working-class ideology that was the cornerstone of Vargas' creation, the Brazilian Labor Party (PTB). After losing his right to legally reform the party to Ivette Vargas, Brizola organized the Partido Democrático Trabalhista (PDT—Democratic Labor Party) with a membership as diverse as the new Brazilian Labor Party. In addition to getulistas like Darcy Ribeiro, ex-Minister of Education under Goulart, and João Vicente Goulart, the former president's son, leaders of marginal racial groups (Indians and Blacks), and Francisco Júlio, leader of the Peasant League of the Northeast in the fifties and sixties, Brizola attracted former PMDB Senator Roberto Saturnino Braga to join him in his reform campaign for the working class.

During his political career in the postwar era, Leonel Brizola gained a reputation as a radical reformer. As the governor of Rio Grande do Sul state in 1962, his nationalization of a local subsidiary of the International Telephone and Telegraph Corporation incurred the displeasure of the US Government. Later he served as a federal deputy in Guanabara state.
(now the state of Rio de Janeiro). His militant activism and encouragement of President Goulart’s cooperation with leftist extremist groups led to Brizola’s loss of mandate, political rights, and exile after the 1964 Revolution.

Table 4.6
DEVELOPMENT LABOR PARTY

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<tr>
<th>ORIENTATION</th>
<th>PROGRAMS AND TENDENCIES</th>
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<tr>
<td>Leftist, Socialist</td>
<td>Liberal labor reforms</td>
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<td></td>
<td>Establishment of socialist political institutions</td>
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<td></td>
<td>Human rights and social welfare reforms</td>
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While he was in exile, Brizola was influenced by West German Social Democrat Willy Brandt and Portuguese Socialist Mario Soares. The persuasive efforts of these European socialists are credited with changing Brizola’s extreme orientation to a social democratic philosophy. Of particular significance in this moderating influence was Willy Brandt’s firm belief in the need to avoid political mergers with communist movements. In his autobiography, My Road To Berlin, Brandt states: “There is only one alternative for the communist version of the struggle for social justice: an honest, positive, democratic, and social policy.” As Social Democratic Party Chairman in October 1974, Brandt was invited to Portugal by Foreign Minister Soares after the fall of the Portuguese dictatorship. While agreeing to Soares’ concept of the formation of a “popular front,” Brandt rejected the suggestion of a coalition with the Portuguese communists, having refused to work with the communists in Germany. The effect of these principles held by socialists like Willy Brandt and Mario Soares may avert a future Brizola alliance with Brazil’s extreme leftists. However, Brizola’s clearly expressed intention of introducing his nationalistic socialism concepts into his government of Rio de Janeiro state has caused a great deal of concern among Brazil’s conservative and centrist elements.
Taking advantage of a fragmented PMDB campaign effort and antigovernment sentiment in a state replete with the urban problems of overpopulation (lack of adequate housing, health and sanitation, and employment), Brizola led his party’s candidates to victory in Rio de Janeiro state in 1982. The PDT’s future rests on his performance as governor and his ability to attract a broader base of political support in other areas of Brazil. The party’s overt nationalistic stance could be damaging to foreign business interests in Brazil in the future.

Workers Party (PT)

The most issue-oriented of the parties formed after the return to a multiparty system was the Partido dos Trabalhadores (PT—Workers Party) led by militant labor leader Luis Inacio da Silva (“Lula”). Disillusioned by the lack of gains in its alliance with the Brazilian Labor Party, the labor unions joined with activist elements of the Roman Catholic Church, Marxist intellectuals, and militant extremist groups to pursue the cause for workers’ rights and social improvements.

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<tr>
<th>ORIENTATION</th>
<th>PROGRAMS AND TENDENCIES</th>
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<tr>
<td>Leftist, Marxist</td>
<td>Liberal trade union and wage reforms</td>
</tr>
<tr>
<td>Socialist</td>
<td>Direct or participative democracy</td>
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<tr>
<td></td>
<td>Establishment of socialist institutions</td>
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<td></td>
<td>Human rights and social welfare reforms</td>
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In a recent interview Lula discussed the Workers Party and its aims:

Traditionally in this country, parties have been created from above, by elites. The PT was created from below. Our status indicates a choice in favor of socialism. But we do not agree with those who say that there is no way out for Brazil within the capitalist system. Many Brazilians
may die of starvation waiting for the system to change effectively. So we believe that solutions must be proposed for specific problems such as unemployment, trade union freedom, control of the multinationals, the machinery for wage reviews and so forth. Our main omission, as with all the opposition, is not to offer any alternative economic model. Socialism is obviously a long-term objective. Its implementation does not depend only on us, but also on the countries which are economically present here.\textsuperscript{10}

In his own words Lula expresses labor's obvious disaffection with the populist labor parties of the past, and also reflects on the need of his Workers Party to pursue long-term socialist goals by dealing with the capitalist system in the interim. Counterbalancing this seemingly pragmatic attitude are the beliefs of some PT spokesmen who feel that direct or participative democracy by the populace should be allowed to interfere directly in the decisions of the government. This proposal for an open referendum lacks realism and maturity.\textsuperscript{11}

Lula gained prominence as President of the Metallurgy Union of São Bernardo do Campo for his participation in the strikes conducted in São Paulo in 1978, 1979, and 1980. He sought election as the PT party candidate for governor of the state of São Paulo in 1982. Although his bid was unsuccessful, Lula did organize the participation of the Workers Party in elections in every state in Brazil, a unique achievement among the three labor-oriented parties. Electoral support for the Workers Party is concentrated in the industrial working class of São Paulo, and its ability to influence change for the working class will apparently be limited to coalition with other socialist party groups.\textsuperscript{12}

**Brazilian Communist Party (PCB)**

During the almost sixty years of its existence, the Partido Comunista Brasileiro (PCB—Brazilian Communist Party) has enjoyed legal status for only two years (1945–1947). Legalized with the establishment of a democracy in 1945, the Brazilian Communist Party elected one senator and fourteen
deputies to the congress. After a subsequent ideological conflict with the conservative Dutra government, the party was declared illegal, and its representatives in the congress were removed from office. Since that time, the Brazilian Communist Party has provided election support for opposition parties, usually labor politicians.

In December 1982, while conducting its Seventh National Congress, in São Paulo, PCB members were arrested for holding an illegal political meeting. All were released after a short period of detention, but the incident created opposition-party support for legalization of the party. Documents seized at the meeting indicate that the Brazilian Communist Party was preparing a request for its legalization in accordance with existing laws. Although it is the least significant political force of the current political parties and its future is uncertain, the Brazilian Communist Party is trying to end its clandestine reputation by pursuing legalization of its political activities.13

**Future Political Scenarios**

How would the assimilation of these diverse political philosophies in future Brazilian governments affect the US-Brazilian relationship? The noted Brazilian political scientist Professor Paul I. Singer examines the prospects for political, economic, and social change as *abertura* evolves in his book *Brazil 1990, Alternate Paths of Development*. He proposes three generalized scenarios that reflect the programs and tendencies of Brazil's three political party groupings—conservative, liberal democrat, and socialist. These broad scenarios express the full spectrum of Brazilian political, economic, and social points of view and are essential to understanding the prospects for the future of the US-Brazilian relationship.

**Military-Technocrat Scenario**

The power bloc in the military-technocrat scenario would consist of an alliance of military and civilian technocrats, managers of state industries, and national and multinational capit-
talists. The military leadership would have strong influence in the choice of principal executive positions, and the chief executive would have a dominating de facto power, with the congress relegated to a minor role of legislative revision and approval. The state, municipal, and private-sector corporations would participate in a capitalistic economic model. Labor would have virtually no influence on salaries, which the federal government would control. National economic development would be centrally planned and directed at competition in the international marketplace, but periodic governmental efforts to stabilize the economy (that is, to control inflation and improve the balance of payments) would interrupt this development.

Brazil would participate in a majority of representative institutions of the Third World, but the country would follow a conciliatory policy in relation to the capitalistic industrialized countries. Essentially this scenario, described by Professor Singer, represents a continuance of the policies followed by the postrevolutionary governments of the last fifteen years.

Democratic-Nationalist Scenario

The Democratic-Nationalist scenario would have a power bloc constituted from parties, unions, intellectuals, and military and civilian technocrats. This power bloc, represented by monopoly and competitive capitalists, workers, and peasants, would receive its mandate in major elections supported by the armed forces. Opposition to this leadership would be composed of those groups opposing capitalism. With the capitalistic development scheme, state and private corporate enterprise leaders and nationalistic technocrats would exercise hegemony over this interclass alliance of interests. With its democratic base, society's interest groups (that is, labor unions and student groups) would receive rights permitting them to negotiate improvements with power-bloc members.

National private enterprise would receive direct government support through credit and indirect assistance in the form of legislation limiting foreign investment in joint ventures. An import substitution policy would be pursued to strengthen
the growth of national industries, and technology substitution would be undertaken to reduce dependence on foreign sources. The principal objectives of economic policy would be the reinforcing of national capital in the competition with multinational capital, the redistribution of wealth, and the maximization of economic growth. Public works projects would be used to alleviate unemployment. External policy would be militantly supportive of the Third World. Brazil would participate in the alliance of underdeveloped countries seeking the opening of the markets of the industrialized countries to industrial products of the Third World and the maintenance of export prices of primary products (such as sugar and coffee). Brazil would also support the formation of cartels for primary products in a structure similar to OPEC. This Singer scenario seems to assume that abertura would continue in the 1980s and that nationalistic sentiment would prevail in Brazil’s leadership.

Socialist Scenario

In the socialist scenario, various parties and interest groups, such as church movements, unions, cooperatives of industrial workers, and peasants, would establish the ruling power-bloc through direct elections by Brazil’s entire population. Hegemonic power would be in the hands of the majority party representing urban workers. Except for national-level decisions, authority would be decentralized to the regional, state, and municipal levels for determination by democratic bodies at their respective level. Officers of the armed forces would be elected by their subordinates and evaluated by experts. Governmental functions would be carried out by democratically elected representatives.

Socialist economic planning would be accomplished at all levels with price controls, salary systems, and external commerce under the auspices of the central government. Social services would be provided to satisfy the basic needs of the population. External policy would be more intensely conducted with regimes of similar political philosophy, and a military alliance formed to counterbalance blocs of capitalistic
power.\textsuperscript{14} The economic, demographic, and cultural diversity of Brazil’s different regions and the country’s dominant liberal democratic tendency make this socialist scenario unrealistic.

Transitions and Future Directions

Professor Singer’s futuristic scenarios for 1990 present an aggregate picture of the political spectrum in Brazil with the hypothetical result of each power bloc’s extreme actions, given a clear mandate for change. The current Social Democratic Party represents many elements of the military-technocrat scenario in action. The Brazilian Democratic Movement Party (including the ex-PP members) would practice many aspects of the nationalistic-democratic scenario if it gained control of the government. The socialist scenario possesses programs advocated by the Democratic Labor Party under Leonel Brizola and the Workers Party led by Lula.

Single parties did not dominate Brazilian politics during the postwar democracy era, and under a multiparty system, it is unlikely that a single party will dominate in the future. During the heat of the final weeks of the 1982 electoral campaign, new party proposals for 1983 for center and left were being discussed. Olavo Setubal’s plans for forming a centrist Partido Liberal (PL—Liberal Party) to replace the extinct Popular Party have been under development since March 1982. Leonel Brizola’s long-range plans include a new Partido Socialista (PS—Socialist Party) and hopes for integrating Lula’s Workers Party into his PS membership. Brizola also would like to attract the support of progressive church interest groups in the formation of his social democratic movement. He has opened discussions with Brazilian Labor Party leader Ivette Vargas to consider the merging of the Democratic Labor Party and the Brazilian Labor Party. Although the combined congressional representation of the two parties is not significant by itself, the coalition could be significant in deciding closely disputed issues between the two major parties. Leaders of the Social Democratic Party and Brazilian Democratic Movement Party are already expressing publicly their
concern over the impact these new parties will have on their party membership because defections always occur.\textsuperscript{15}

While individual political candidates may be elected on the basis of single-party support, future congressional legislation in Brazil's multiparty environment will require coalition support for passage. This same coalition concept will make the possibility of a pure Singer scenario highly unlikely in the future. Professor Singer described his scenarios as basic positions, and not as absolute characterizations. Future Brazilian governments will develop policies that will be hybrids of all three scenarios, but with a gradual progression to democracy under abertura, Brazil will center on the democratic-nationalistic scenario. Some aspects of the military-technocratic scenario, such as centralized development planning, have been institutionalized in the national government and may remain after the complete transition to democratic rule. The growing national concern for the social welfare of the lower class, including the need to improve housing, sanitation, and health care as well as reduce unemployment, will certainly gain wide popular support for increased expenditures at all levels.

A near-term test of Brizola's social democratic concepts will take place when he assumes the governor's post in Rio de Janeiro in 1983. During his campaign, he stated that "the path of socialism is long and it is possible that we will face many impediments, but it is important that the march be made with our people and not following recipes dictated from the outside."\textsuperscript{16} Brazil's political journalists have recently discussed the need for Brazilian politicians to prove through performance that they are ready to assume the democratic responsibilities they have sought during the long years of authoritarian rule. Although no definite program exists for future constitutional revisions in abertura, the return of democracy to Brazil will not closely approximate the US model.

A strong central government has traditionally dominated in Brazil, with regional and state governments exercising a paternalistic, almost feudal authority over the populace. Political representation is normally limited to elite professionals. The
primary goal of opposition parties in the political opening process is to gain direct elections for the presidency and a more balanced power relationship between the legislative and executive branches. President Figueiredo appears to be committed to the continued evolutionary process of abertura in the Brazilian context.

The future leadership of Brazil by democratic-nationalists would place an even greater importance on maintaining a sound dialogue between the United States and Brazil. Some of these Brazilian factions are more stridently nationalistic than the current pragmatic incumbents, and current differences in political and economic policy could be exacerbated. Among the consequences of this wider divergence in US-Brazilian interests would be the loss of Brazil's moderating support in regional and international organizations (Organization of American States and United Nations), and the nationalization of US business interests in Brazil.

What If Abertura Falls?

If abertura were to fail, would the resulting disillusionment generate sufficient unrest to foment revolution? Before the 1982 national elections, emotions among the electorate in Brazil varied from excited anticipation to cynicism. It was obvious that as the reality drew near, expectations for the future of abertura were high. President Figueiredo's image as a sincere supporter of this redemocratization concept improved significantly during the intensive cross-country campaign effort he undertook in behalf of Social Democratic candidates. As abertura continues its gradual evolution, the possibility always exists that conservative elements of the armed forces, anxious about liberal reforms, could engineer a coup and reestablish strict authoritarian rule in Brazil. Equally likely is the eventuality that Figueiredo's successor could choose to negate abertura's reforms.

There is little likelihood of a revolution under these circumstances unless widespread economic pressures and repressive measures were inflicted on the populace, inspiring a
nationwide movement. The Brazilian people have consistently displayed tolerance throughout the long period of authoritarian rule since 1967. Civil unrest occurred during labor union strikes and as a result of isolated local grievances in recent years, but restrained government response prevented the development of widespread dissent. More severe hardships resulting from Brazil's worsening economic difficulties could create conditions for internal turmoil. The government has responded to these possibilities by an increased emphasis on national social welfare projects, such as improved health and housing programs.

Brazil is a large country with diverse interests in its contrasting regions, the undeveloped North and the industrial South. Its industrial center is São Paulo, its political center is Rio de Janeiro, and its government center is Brasília. Unlike Argentina where all of these centers are in the capital city of Buenos Aires, Brazil's tensions are diffused throughout its massive landscape. Simultaneous, intense political, economic, and social crises of the kind that existed in Brazil in 1964 would be necessary to inspire such a revolution.
Brazil and the United States were allies during both World Wars; today, however, they share different military security views in three key areas—the maritime defense of the South Atlantic, policies for the sale of arms, and Brazil's pursuit of advanced nuclear technology. In spite of a mutual economic concern for the long-term security of maritime trade in the South Atlantic, US and Brazilian policies for assuring this security are diametrically opposed. As leading exporters of military arms, the United States and Brazil pursue different sales policies which are now and will continue to be a source of disagreement. Generated by suspicions of perennial rival Argentina's nuclear development, Brazil's quest for advanced nuclear technology will make the future introduction of nuclear weapons into South America a high priority subject of discussion for the US-Brazilian leadership.

**US-Brazilian Military Relationship**

The high point of US-Brazilian military cooperation occurred during World War II when the armed forces of both countries fought the Axis powers on the battlefields of Europe and in the South Atlantic. Brazilian navy and air force units joined their US counterparts in the antisubmarine war under the Fourth Fleet commanded by Vice Admiral Jonas Ingram. Operating from five Brazilian bases, these forces protected
maritime traffic in the South Atlantic from German U-boats, while Brazilian army and air force units of the Força Expedicionária Brasileira (Brazilian Expeditionary Force) fought with American forces of General Mark Clark's Fifth Army in Italy.¹

The formalization of this cooperation in the Joint Brazil-United States Defense Commission in 1942, and the postwar Cooperative Military Assistance Accord established in 1952, provided the foundation for more than thirty-five years of friendly military ties. Initially, transfers of surplus American military equipment were welcome additions to the Brazilian armed forces. In the 1960s, however, Brazil sought more sophisticated, modern aircraft and ships from a United States thoroughly involved in military support of South Vietnam. In addition to being pressured by the Southeast Asia conflict, US administrations and politicians were conscious of the instability of the countries in South America and the numerous territorial disputes that existed between them. Brazil's singular loyalty to the United States as the only South American country to actively participate as an ally in both World Wars did not result in any special consideration of the Brazilian quest for modern equipment.

Complicating the military relationship of the two countries were the four years of repression (1968-1972), when Brazil's security forces were combating urban guerrillas composed of extreme leftist groups. During this period, human-rights concerns made the US Congress less receptive to military assistance requests from Brazil. Faced with these obstacles, the Brazilian military turned to Europe for the equipment to modernize their armed forces. In May 1970, Brazil purchased sixteen French Mirage III aircraft; later that year, the Brazilian navy ordered six Vosper Thornycroft frigates armed with sophisticated antiair, antisubmarine, and antiship missiles from Great Britain. This $280 million warship purchase provided for four vessels to be built abroad, and the remaining two to be co-produced under license in the naval shipyard in Rio de Janeiro. Later purchases included six West German coastal minesweepers and three British Oberon-class submarines.

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Perhaps sensing the weakening of US-Brazilian military ties, the Nixon administration facilitated Brazil's purchase of 42 F-5E aircraft on credit in 1973 and transferred several World War II destroyers to the Brazilian navy under a Mutual Aid Agreement. Brazilian external policy, however, was in a transition to a more independent phase in the mid-1970s. The Portuguese colonial empire in Africa was disintegrating into independent states of Marxist orientation. Brazil's rapid recognition of these new states—Guinea-Bissau, Angola, and Mozambique—and increased diplomatic and economic contracts with other African countries formed from other European colonial empires, modified the Brazilian political perspective of the South Atlantic region. Concurrently, the US post-Vietnam evaluation of alliances and foreign commitments provided additional justification for Brazil to distance itself from the East-West rivalry of the superpowers, and enter into political and economic relationships with the underdeveloped nations of the Third World.

South Atlantic

After terminating its bilateral military agreements with the United States in September 1977, Brazil adopted an independent foreign policy stance regarding the East-West ideological conflict in general, and its application in the South Atlantic region, specifically. In his September 1981 external policy address to the Escola Superior de Guerra in Rio de Janeiro, Foreign Minister Ramiro Saraiva Guerreiro expressed Brazil's view of the superpower rivalry between the United States and the Soviet Union and its effect on the developing countries of the Third World:

The security of the international system suffers, in truth, two types of threat. One, the risk of war between the superpowers and between the alliances commanded by them; the other, the risk of convulsions to break active social, economic and political tensions in multiple areas and the persistent frustration of the expectations of developing peoples. The bipolar confrontation aggravates both risks. The concentration of expenditures which rein-
forces the armament spiral, inevitably brings amplification of the possibilities of shock, increases the risks, generates insecurity, and even contributes to the frustration of the expectations of development.\(^3\)

Foreign Minister Guerreiro's expressed sentiment regarding the rivalry of the United States and the Soviet Union, and the resultant waste of resources on armaments that could be better applied to international development, has been a continuing complaint of Brazilian governments since the late 1960s. The Brazilians also view the major powers' competition for influence in the developing countries as counterproductive, inasmuch as sporadic infusions of support and weaponry disrupt orderly economic growth.

Following this line of reasoning, the Brazilian government has advocated keeping the superpower confrontation out of the South Atlantic region. In recent talks with Congolese President Denis Sassoo-Nguesso, President Figueiredo reiterated the need for safeguarding the South Atlantic from all international pressures. The Brazilian president stated that it was his country's policy to avoid military pacts with European countries, the United States, and South Africa, as well as other pro-Western African nations on the South Atlantic coast. He then emphasized that to avert a conflict, it was necessary for all South Atlantic countries to prevent the Americans and the Russians from installing naval bases in the region.\(^4\)

Foreign Minister Guerreiro recently gave additional rationale for this attempt to keep the superpower military forces out of the South Atlantic. When questioned by the press on what the Brazilian position was for defending the South Atlantic petroleum route, he replied:

The South Atlantic is a priority subject for Brazil. It is even more a priority for us than for the United States. We feel that the petroleum supply route will only be in danger in extreme cases; it would practically need to be a world war. And in that case, in case of a world war, it will probably and strategically be more logical to suspend the supply of petroleum by occupying the petroleum producing
area. Then the South Atlantic would be a high priority area. However, we do not see it from the point of view of security or of military action, but from a political standpoint. Our foreign policy in relation to that region aims precisely at creating confidence in the countries on the other side of the Atlantic.\textsuperscript{6}

Foreign Minister Guerreiro's opinion that the petroleum supply route in the South Atlantic would only be in danger in extreme cases, such as a world war, is also shared by Brazilian naval officers. Discussions with these officers reveal their belief that the North Atlantic has been the focus of military and maritime activity in past wars, with the South Atlantic relegated to a secondary role. Based on the need for the superpowers to concentrate their naval forces in priority areas in the North Atlantic and Western Pacific, these military professionals still evaluate the South Atlantic's future role as a secondary theater of operations.

In its attempt to isolate the South Atlantic region to prevent a conflict and enhance its political and economic ties in South America and Africa, Brazil overlooks the factor that resulted in its participation in World Wars I and II, namely the sinking of its merchant ships in the North Atlantic. Figure 5.1 illustrates Brazil's primary maritime trade routes to its commercial partners in the world. Approximately 98 percent of Brazil's external commerce was carried by ship in 1980, including 83 percent of its petroleum imports. In that same year, Route A was the source of 85 percent of its imported petroleum and the path for 31 percent of its exports to the Middle and Far East. Route B carried five percent of its petroleum imports from Africa, and Route C 43 percent of the country's exports to Europe\textsuperscript{6}. With approximately one half of its exports passing from the South Atlantic to trading partners bordering the North Atlantic, and with its north coast adjacent to NATO's southern flank, Brazil's maritime commerce remains vulnerable during any East-West conflict in the North Atlantic.

Brazilian Rear Admiral Mário César Flores discussed this vulnerability of Brazil's maritime commerce in a recent lecture given at the Center for Brazilian Strategic Studies. He related that Brazil has maritime frontiers facing both the North and
Figure 5.1.
TRADE ROUTES OF BRAZILIAN INTEREST

South Atlantic, with the protruding Brazilian Northeast acting as a "bottleneck" between the two parts of the Atlantic. Because of its trade routes to Africa and Europe (Routes B and C, figure 5.1), Brazil is vulnerable in the event of hostilities in either the North or South Atlantic. The primary cause for Brazil's entry into World Wars I and II, this vulnerability was confirmed during the recent Anglo-Argentine conflict. Admiral Flores' recognition of Brazil's strategic geographic location and vulnerability reflects a more realistic evaluation of the potential dangers to Brazilian maritime trade, even if the conflict occurs in the North Atlantic while his country is pursuing its South Atlantic nonalignment policy.

In spite of Brazil's reluctance to formally align itself with the West, Admiral Flores addresses the contingency of a generalized conflict between the Western and Communist blocs which he considers improbable, but not impossible:

Now, for that hypothesis, it is obvious that Brazil and her regional allies could not do without the decisive contribution of the United States (perhaps assisted by a small force from England and/or France), in a limited theater as the South Atlantic, facing up to the striking dimen-
sions of capacity of actuation in maritime theaters in which the USSR disposes today, that capacity which, in a distant theater like ours, will be represented by its submarines. The association with the North Americans and the West in general, in whose strategic camp we will naturally be contained, a more sensible participation in the western portion of the South Atlantic, should occur naturally at the opportune occasion, not seeming to be compulsorily promoted in a formal way in a premature epoch.

This reassurance of support, when it is ultimately required by the West, and is also in the best interest of Brazil, is consistent with Brazil's traditional role as an ally of the United States in both World Wars, and Brazil's independent foreign policy. Admiral Flores' reference to avoiding a premature commitment is linked with Brazil's desire to maintain flexibility for decisions in pursuit of its national interest. In the interim, some Brazilian military officers believe that Brazil's active economic and cultural ties with African countries (including socialist governments) serve as a moderating influence in areas where the United States is not able to counterbalance the Soviet presence.

Although Brazil is avoiding a formal Western military pact for maritime defense of the South Atlantic, its navy actively prepares for territorial defense by regularly participating in exercises with the naval forces of Brazil's South American neighbors, the United States, and Canada. The annual UNITAS exercise, involving participation of the United States and South American countries, was previously public relations oriented, but has evolved into a more challenging training program designed to perfect and test the complete range of modern naval warfare missions with the advanced technology now employed.

Brazilian naval strategists also are beginning to look outward toward the future defense of their national territory and their maritime trade routes. Retired Brazilian Vice Admiral Paulo Irineu Roxo Freitas urges long-term preparation for an advanced defense system in the South Atlantic:

The Sector Naval Strategy which is planned for the defense of the National Territory against attacks which we
will receive by sea already ought to be utilizing diplomacy in order to obtain strategic positions which will permit them to assemble, in the future, a System of Advanced Defense in the South Atlantic. Those strategic positions already exist and, as I already suggested some years ago, in a lecture in this school, we already should be negotiating their acquisition for incorporating them under national sovereignty. Such positions are the islands of Ascension, St. Helena, Tristan de Cunha, and South Georgia, all under the dominion of England, as residues of the English Empire. The position of these islands plus Femando de Noronha in the South Atlantic, form a natural line of advanced defense for the Brazilian coast and of South America.

These British possessions and the Brazilian islands of Trinidade and Femando de Noronha occupy strategic positions on Brazilian and Western trade routes (figure 5.2). Installation of radar and submarine detection systems, as well as airstrips for the deployment of maritime patrol aircraft for surface surveillance, could provide advance warning for Brazil and protect South Atlantic trade routes in the event of a conflict in the region. The United States used Brazilian land bases for antisubmarine air patrol during World War II, and currently operates P-3 maritime patrol aircraft from Ascension Island.

The near-term likelihood of interest in developing this strategy of advanced defense is remote. The army dominates the defense planning process, and it is concerned with the territorial defense of the country's land borders. While the navy's concern for maritime defense is forward looking, it lacks the warships necessary to patrol the country's 4,000-mile coastline out to the 200 nautical-mile limit. The navy is currently attempting to enhance its maritime defense by proposing the establishment of a Coast Guard to relieve its warships of coastal law-enforcement duties (fishing ground protection and air-sea rescue). Additionally, a corvette construction program is in progress in national shipyards to augment the navy's surface fleet. The Brazilian air force (FAB) with its medium-range patrol aircraft does not have sufficient
Brazilian and Western Interest

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Brazilian Interest

Western Interest

Brazilian and Western Interest

aircraft or operating range to venture far from the coast in support of this strategy.

**Falklands/Malvinas Conflict**

Although Brazil was not a participant in the recent Falklands/Malvinas conflict, the South Atlantic war between Argentina and Great Britain caused the Brazilian government and the armed forces to examine their equipment, tactics, and training and to propose improvement programs. The Brazilian armed forces have more men in service than their South American neighbors, but the country spends much less than they on defense, 7.1 percent of the 1981 budget and less than 1 percent of GNP. Traditionally, the army-dominated leader-
ship of the country and the armed forces has placed a higher priority on developing the nation's economy and industrial resources than on purchasing large quantities of sophisticated weaponry.

While the South Atlantic conflict was fresh in the memory of all Brazilians, the Director of the Naval War College, Rear Admiral Armando Amorim Ferreira Vidigal, related to the press that if Brazil had suffered an attack similar to that which occurred in the Falklands/Malvinas, the navy would not have had the resources to defend the coast of the country. The army, air force, and navy ministers made urgent requests for greater defense expenditures as military strategists rapidly altered the calculations for the internal and external defense of the national frontiers on the heels of the dramatic Anglo-Argentine war. An air force colonel, Leuzinger Marques Lima, was imprisoned for fifteen days because of remarks he made in a newspaper interview, in which he stated his permanent fear that maintaining the army's hegemony over the nation incapacitates the air force (FAB) from fulfilling its role of defending the country in a modern war.

Supplementary military budget increases were approved in September 1982. But the larger spending authorizations sought by all ministries, especially the navy, were postponed for inclusion with the long-term development and expansion of the national armament industry. Economists and Planning Minister Delfim Netto stressed the need for long-term solutions in view of current problems with inflation and external debt. A typical example of how economic concerns affect military procurement in Brazil is the recent attempt by the navy to purchase submarines abroad. The navy opted for two types—one West German, the other Italian—leaving to the Planning Ministry and its analysts the selection of the offer with the most advantageous financial arrangement. With the high price tags that US warships, aircraft, and equipment carry by virtue of their advanced technology and more expensive overhead, America's European competitors will undercut the United States in military equipment offered to Brazil for the foreseeable future.
Among the more substantive Brazilian military actions taken as a result of the Falklands/Malvinas crisis was the reinforcement of the southern states of Parana, Santa Catarina, and Rio Grande do Sul along the Argentine border. After Argentina's unpredictable actions in its conflict with Great Britain generated some distrust in Brazil, the Fifth Armored Cavalry Brigade was designated to reinforce the southern flank of the country. Additionally, the Brazilian army will augment troop units in the northern part of the country in Roraima state, on the border with Venezuela and Guyana. This move is designed to prevent a flanking movement by Venezuela through Brazilian territory to forcibly settle its border dispute with Guyana.13

The Brazilian navy moved to strengthen its maritime defense on the island of Fernando de Noronha in May 1982, when it announced the installation of a sonar net for underwater acoustic detection.14 This device should contribute to maritime security in the "bottleneck" area referred to by Admiral Flores. A month later the navy and air force ministries were examining a project to construct a base on Trinidade Island (750 miles off the Brazilian Coast) for the strategic defense of Brazil's 200-mile territorial limit. By October 1982, the project proposal for an airstrip, port facilities, early-warning radar system, and surface-to-surface missile system exceeded the earlier estimated cost of $300 million and was postponed for further study, owing to the economic difficulties encountered with Brazil's mounting external debt.15

Other related initiatives indicating the influence of the Anglo-Argentine conflict include the possible adoption of the AMX combat aircraft, being jointly developed by Brazil and Italy for delivery in 1986, for use on the aircraft carrier Minas Gerais. The air force also is studying the possible modification of its F-5E aircraft to carry the Exocet missile for employment in an antiship mission role. Impressed by the superior performance of the British professional soldiers, the Brazilian government is going to invest in the reinforcement of its elite parachute and marine units. Pervading all of these projected improvements is Brazil's drive to obtain and apply advanced
technology to the armament used by its armed forces. While diplomatic relations with Argentina are the best in its history, Brazilian leaders have expressed considerable concern over Argentina's unexpected, aggressive acts in the South Atlantic, and the surprising success demonstrated by the Argentine air force. National defense is now a priority issue in Brazilian government planning.

Military Arms Sales

Brazil's emergence as a major arms exporter grew out of the need to modernize the equipment of its armed forces in the 1970s. The armed forces were confronted with US-imposed arms transfer restrictions, and the high costs of modern weapons systems in the world market. At a time when Brazil was developing its independent foreign policy, the Brazilian government decided to establish an indigenous arms industry in an effort to reduce its dependency on foreign sources. In 1969, Empresa Brasileira de Aeronautica (EMBRAER) was founded as a result of the movement to develop a national aircraft industry. In the eleven years of production from 1971 to 1981, EMBRAER grew to a product line of thirteen different models of aircraft and annual sales of $235 million (1981). During this period, 2,741 aircraft were built, 150 of which were delivered on the international market. The popular Bandeirante, a commuter turboprop aircraft, has been purchased by twenty-three countries, and currently offers stiff competition to the US aircraft industry. Maritime surveillance and transport versions are also in production for use by the Brazilian armed forces and for export.18

In 1975, a new law established the state-owned holding company Industria do Material Belico do Brasil (IMBEL) to coordinate Brazil's seven most important factories, both military and private, that produce military material. In addition to meeting the needs of the armed forces, IMBEL is responsible for formulating policy to permit these industries to compete in the international arms market. The most famous of these corporations is ENGESERA, which originally produced trucks but which gained international prominence for its wheeled ar-
mored vehicles, such as the Cascavel, and its amphibious counterpart, Urutu. The unique development of an independent traction system for each wheel of these light vehicles has made them popular. Cascavels were battle tested in the 1973 Arab-Israeli conflict and are in use in the current Iran-Iraq War. Brazil originally established its arms industry to provide its own armed forces with modern, affordable equipment. Taking advantage of its production capabilities to export and improve its balance of payments, Brazil made its arms industry a viable force in the international market and symbolic of the country's status as a major power.\textsuperscript{17}

The rapid growth of the Brazilian arms industry has propelled it to a position of importance in the country's economic survival. In 1981, arms export sales were reported at $1.45 billion. In 1982, these exports more than doubled, with earnings estimated at $4 billion,\textsuperscript{*} placing Brazil's arms industry among the ten largest in the world. Only Brazil's coffee and sugar exports were greater in value. The bulk of the arms sales were aircraft and light armored cars; however, missile munitions are being developed for aircraft delivery, including a new heat seeking missile, the Parahna.\textsuperscript{18} Recently José Luiz Whitaker Ribeiro, the civilian who built armored car manufacturer ENGESIA, replaced General Amaldo Calderari as the president of the government arms industry, IMBEL. Perhaps his appointment as the first civilian to head IMBEL signals an attempt to capitalize on the industry's success by further commercial expansion. The company is planning a $6 million expansion program, but it will remain a government enterprise for "national security reasons."\textsuperscript{19}

Arms sales proposals are presented to Brazil's National Security Council for approval. The council weighs political, diplomatic, military, and economic aspects of the sale before reaching a decision. Among the diplomatic and political considerations advanced as policy are the following:

\textsuperscript{*}Arms sales estimates for 1982 vary from $2 to $4 billion, but the lack of an official published total prevents verification.
• Negotiations are undertaken on a government-to-government basis.
• Sales to guerrilla or subversive groups are not considered.
• Sales are not made to countries on the brink of war where the export of arms could influence the commencement of hostilities.
• Export of arms to unstable governments or those with unsavory reputations is avoided.

Sales are ostensibly considered on a case-by-case basis, and some exceptions are made to these established criteria. During the current war between Iraq and Iran, Brazil has sold armored cars and other military equipment to Iraq. The Brazilian leadership has interpreted the sale as not destabilizing or influencing the outcome, as the transfer of jet combat aircraft or heavy tanks would. Perhaps this interpretation stretched avowed principles, but practical considerations become important when one considers that Brazil imports huge quantities of petroleum from Iraq and needs to offset a deficit in its balance of payments with the Arab nation. Since some of these armored vehicles sell for nearly half a million dollars (table 5.1), the economic importance of the Brazilian arms industry is substantial. Brazil and Iraq also share a significant economic relationship that is over a decade old.

The purchase of Brazilian arms and equipment by Libya, internationally known for its support of terrorism, is difficult to justify within the previously discussed criteria. Brazil has sold weaponry to Libya since 1974, when it transferred Cascavel armored vehicles to that country (table 5.1). More recently, AV-BP 250s, guided penetration bombs, were sold and tested on Libya’s MIG-23 Flogger aircraft. These business deals, without any political strings attached, are similar to the independent commercial arms agreements that France specializes in, practices that catapulted the French arms industry into third place internationally.

While the United States engages in arms sales and transfers for predominantly political and security reasons, Brazilian
armament exports are generally economically motivated. President Figueiredo was recently questioned about Venezuela's reaction to the sale of Brazilian arms to Guyana—Guyana and Venezuela have a long-standing border dispute. The president replied, "they can object. We sell to whoever wants to buy."^21

Table 5.1

<table>
<thead>
<tr>
<th>TYPE</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE-0 Cascavel (armored car)</td>
<td>$400,000</td>
</tr>
<tr>
<td>EE-11 Urutu (amphibious armored car)</td>
<td>$250,000</td>
</tr>
<tr>
<td>EE-17 Sucuri (armored car w/90 mm cannon)</td>
<td>$500,000</td>
</tr>
<tr>
<td>Bandeirante (Patrol, troop transport versions)</td>
<td>$1.4–2.5 million^22</td>
</tr>
</tbody>
</table>

During his December 1982 visit to Brazil, President Reagan proposed the formation of several bilateral working groups to engage in periodic discussions of cooperation in the industrial, military, science and technology, and space areas. In exchange for cooperation in the industrial-military area, the United States reportedly asked Brazil to cease furnishing its light armored cars to certain ideologically extreme countries like Libya.\(^23\) President Figueiredo allegedly told President Reagan that the arms industry was one of the country's main enterprises and that Brazil would not change this policy. Confirmation of this unwillingness to change its pragmatic sales policy came less than a month later in January 1983, when Brazil announced a $280 million sale of Cascavel armored cars to Libya.\(^24\) The marked differences in US-Brazilian arms sales policies could present a situation in which Brazil and the United States would be supplying arms to two countries opposing each other in conflict. The tensions generated by such a situation could seriously damage the US-Brazilian relationship.
During his visit to Brazil, President Reagan offered President Figueiredo the opportunity to send a Brazilian astronaut to participate in the US Columbia space shuttle program. Brazil accepted the offer because of its strong interest in space, particularly the use of satellites for telecommunications. The Brazilian astronaut would serve on the shuttle crew as a Payload Specialist, responsible for accompanying the payload sponsored by the country or organization he represents. Although the Brazilians have a space agreement with France for the launching of their satellites on the French Ariane rocket, the first launch attempt was not successful. The cost to Brazil for the space shuttle flight is estimated to be on the order of $200-$300 thousand. While Brazil's initial response was that this offer was a "Hollywood" gesture, many of these important details were not available to the press. The Brazilian scientific community will probably be most anxious to take advantage of this bona fide offer to conduct space research.

The United States is currently evaluating the science and technology and industrial-military areas for specific cooperative efforts in the bilateral exchange proposed by President Reagan during his 1982 visit to Brazil. Although Brazil is anxious to acquire opportunities to transfer sophisticated technology to its rapidly growing industries, it avoids most agreements with conditional restrictions, preferring coproduction enterprises or agreements under license that eventually result in the complete absorption of the technology for their use. Many of Brazil's European partners offer technology on a fairly unrestricted basis. This technology is widely shared among the science and research institutes in São Paulo, including the various segments of the Brazilian arms industry. While respecting Brazil's long-standing record of honoring agreements, the United States would be wise not to transfer certain specialized military technologies because of Brazil's willingness to sell to all who will buy. Such a decision not only protects US interests but also preserves US-Brazilian harmony. It avoids thrusting Brazil into a choice between two worthy policies—honoring its agreements or selling technology impartially to other nations.
Nuclear Weapons Development

Argentina and Brazil lead their South American neighbors in the field of nuclear power research. Both countries have traditionally been rivals on the continent, but diplomatic and economic exchanges in the past five years have resulted in the best bilateral relations in their history. During the Falklands/Malvinas conflict, Brazil provided Argentina diplomatic support for its territorial claim in the Organization of American States and the United Nations. Even after the conflict, this mutual support and friendly diplomatic relationship continues. Regardless of their close ties, the Brazilians doubt the complete trustworthiness of their neighbor after its sudden, aggressive occupation of the Falklands/Malvinas. Even the agreements for mutual cooperation in nuclear power technology which were signed in June 1981 by the president of NUCLEBRAS (the Brazilian Nuclear Power Agency), Paulo Nogueira Batista, and his Argentine counterpart, Carlos Castro Madero, did not silence skeptics who were certain that both countries were in a race to develop a nuclear weapon.

NUCLEBRAS is working toward attaining the complete nuclear fuel cycle that would free Brazil from its dependency on imported enriched fuel. A pilot uranium processing plant will begin operation in 1984. The country’s largest uranium deposit, estimated at 137,000 tons, is located in Itaitaia, Ceara state, on the north coast of Brazil. A uranium conversion and enrichment plant will be completed in Resende, Rio de Janeiro state, in 1984. The conversion process will be operating in 1984, and the fuel enrichment process will be operational in 1986. Thus, by 1986 Brazil will be self-sufficient in the fuel technology required for nuclear weapons development. This technology, like Brazil’s modern warships and supersonic aircraft, was obtained from European sources.

Speculation about Brazilian development of a nuclear missile began in 1962, when an article appeared that hypothesized the possible construction of a missile similar to the US Pershing II, but with a 180-360 mile range. The missile would
be a derivative of space research rockets made by Avibras Aerospacial and used by the Aerospace Technology Center in São Paulo. One physicist, Rogério Cesar Cerqueira Leite, speculates that the basic knowledge is available, but that certain knowledge, difficulties in combining key elements, and shortcomings in the area of chemistry, for example, make the construction of a nuclear artefact a ten-year project. The late Brazilian physicist Sergio Porto believed that an interdepartmental group like the Manhattan Project could produce a Brazilian bomb in one or two years.29

The speculation continued when a commission report from the Brazilian Physics Association, presented at the 34th annual meeting of the Brazilian Society for the Advancement of Science, claimed that the Aerospace Technology Center will spend $2 billion over a period of eight years on an aerospace program for launching satellites and developing a nuclear weapons delivery system. The commission denied that the report published by O Estado De São Paulo was accurate and deplored the sensationalism surrounding the report.30

Several days later, Vice President Aureliano Chaves reiterated that the government’s intention not to develop nuclear weapons is “implicit” in the West German nuclear power plant agreement, “but to date we have never said anything explicitly on the subject.” He declined to say whether Brazil intended to produce nuclear weapons in the long term, stating: “One cannot anticipate the future.” Brazil did not sign the Nuclear Non-proliferation Treaty (1968) and has not ratified the treaty banning nuclear weapons in Latin America (Tlatelolco, 1967). The vice president defended Brazil’s commitment to “making the armed forces adequate to the importance and responsibility Brazil has in the world today.”31 An additional denial from General Alacyr Frederico Werner, Chief of Staff of the Armed Forces, asserted that there was no government-level project to use nuclear energy for warlike purposes. While ruling out the development or manufacture of nuclear devices, he did accept the use of nuclear energy for the propulsion of ships and submarines.32 Many South Atlantic strategists, such as
Admiral Flores, admire the versatility and endurance of the nuclear submarine, but its prohibitive cost, and the lack of technology to produce it in the national shipyards, make this warship a Brazilian dream for another decade.

By the end of the 1980s, Brazil will probably have the resources and technology required to complete the manufacture of a nuclear device. Based on Brazil's traditional antinuclear weapons sentiment as a nation, the Brazilian leadership would be reluctant to make the attainment of that capability public. The future introduction of nuclear weapons in South America will depend on the political and economic stability of the Argentine and Brazilian governments and their bilateral relationship.
Brazil's continued growth as a world power from 1983 to the year 2000 will present numerous challenges to the US and Brazilian leaders who will deal with the many facets of the bilateral relationship. In South America and the hemisphere, Brazil will strive to improve its political and economic relationships. Concentrating their diplomatic efforts in South America, future Brazilian governments will attempt to maintain the trust Brazil has gained in the region, avoiding situations that could create suspicions of hegemonic intentions. Brazil will be most active in facilitating stability in the region, with particular concern for unstable governments in bordering countries.

Internationally, Brazilian diplomats will continue to advocate the formulation of a more just international order by improving the North-South dialogue, often serving as interlocutor between the North and South. Brazil will pursue its expanded political and commercial relations with the underdeveloped countries of the South, sometimes in the role of a big brother in cooperative development projects. Its traditional foreign policy tenets of nonintervention, equal sovereignty for all nations, and peaceful solution of disputes should assure Brazil's future role as a conciliatory one, negotiating differences and moderating extreme points of view in international fora. The country will persist in its active support of international bodies
(such as the United Nations and the General Agreement on Tariffs and Trade) to resolve international disputes. The future leadership of Brazil by democratic-nationalists could test the soundness of the US-Brazilian dialogue. A wider divergence of US-Brazilian interests could result in the loss of Brazil’s moderating support in regional and international organizations (such as the Organization of American States and the United Nations).

In spite of a large external debt created by petroleum imports, ambitious infrastructure projects, and deficit spending, Brazil will continue to expand its economic presence in world markets. Characteristically, Brazil attempts to avoid trade confrontations, preferring to negotiate compromise settlements when no other options exist. When other trade opportunities do exist, Brazil gradually shifts its business elsewhere, seeking independence and more stable commercial partners.

The country will continue to assimilate technology as rapidly as Brazil can acquire it for national industry development. Following the model of Japan’s emergence as an economic power, Brazil’s long-term economic goal is to develop the nation’s production capability to compete in a broad range of international markets. By the year 2000, Brazil should expand its head-to-head competition with the United States in the world marketplace.

The United States currently possesses dominating economic leverage, but this advantage could be greatly reduced by the end of the century. In keeping with its consistently pragmatic policies, Brazil will always pursue the business arrangement that is most advantageous to its own interests, regardless of its commercial partner’s ideology. A deterioration of the US-Brazilian relationship in the future, with a more stridently nationalistic Brazilian government, could result in the nationalization of US business interests in Brazil, as well as other financial losses to the United States in the form of unpaid loans.
As the process of abertura evolves, there should be greater civilian political participation in the governing of Brazil. Many Brazilian politicians advocate a strong nationalistic stance in their external relations with the United States and other industrialized nations, and resent past US attempts to dominate Brazilian affairs. The active involvement of these nationalistic politicians in future Brazilian governments could aggravate US-Brazilian differences unless the United States maintains an open dialogue and treats Brazil as an equal partner.

Brazil possesses socialistic tendencies found in many Western European governments—the large participation of state-owned enterprises in the economy and national health and housing organizations. In spite of this tendency, Brazil is not ideologically aligned with the left and is not likely to establish socialistic political institutions. Democratic ideals prevail throughout most of the country’s regions as evidenced by the broad support of the Brazilian Democratic Movement Party in all elections since 1974. Electoral victories by socialists like Leonel Brizola can be attributed to his populist appeal in opposition to his less charismatic competitors.

Future Brazilian governments will strengthen their armed forces’ ability to defend Brazil’s territorial boundaries; but given the nation’s foreign policy traditions, it is highly unlikely that these forces will be designed to project military power. In the event of a major East-West conflict, Brazil will support the United States and the West because of Brazil’s Western traditions, the threat to its territory, and its economic survival. Future arms sales policies for Brazil’s booming armament industry could vary depending on the country’s economic condition. Current arms sales are dictated by Brazil’s difficult economic situation, which forces a totally pragmatic policy of selling to all who will buy, a policy akin to that of France. A return to economic prosperity, however, could prompt a reversion to a policy that is in keeping with Itamaraty’s principles of peaceful solution of disputes. In the future, the marked differences in US-Brazilian arms sales policies could present a situation in which Brazil and the United States would be supplying
arms to two countries opposing each other in conflict. The tensions generated by such a situation could seriously damage the US-Brazilian relationship. Brazilian contingency planners will always be concerned with a long-term nuclear weapons threat to their territory, and will probably explore advanced nuclear weapons technology. However, Brazil’s traditional abhorrence of aggression and nuclear weapons makes it extremely unlikely that future Brazilian governments would use such weapons as a threat or to initiate a conflict, even if they had been developed.

Both US and Brazilian leaders should not only be aware of problems posed by these issues over the next two decades, but they should also develop policy actions only after considering their long-term implications. In a 1972 address to visiting members of the Escola Superior de Guerra, Brazilian Ambassador to the United States Araújo Castro discussed US-Brazilian relations and asserted the need for long-term policy development:

If, as we saw above, the positions of the two countries cannot coincide in relation to many important points of the problematic world, there exists no reason why an active reconciliation of interests cannot proceed. If on some problems our positions are divergent, the truth is that in an infinity of fields our interests are sincerely complementary. And it is in this complementary area that we have to build our relations. That which appears indispensable to Brazil is that these relations are conducted on a plane of State to State; that is, within the comprehension and political understanding which frame bilateral relations. A reciprocal comprehension from State to State is indispensable, that which will represent a frank and spontaneous cooperation for the long term, between the two largest countries of the hemisphere. We have to think in terms of the future, if we wish to overcome the small problems of the present.¹

Araújo Castro presents a proper perspective on the long-term view of the US-Brazilian relationship. This perspective incorporates an acceptance of the reality that
although the two countries will have divergent interests, they also will share many more complementary interests. Building on these complementary points of view with a long-term approach to solving short-term difficulties is essential for policymakers in both countries, particularly in the United States.

There has always existed a mutual affinity between the peoples of Brazil and the United States. Since their close alliance in World War II, however, the United States and Brazil have shared some unrealistic expectations of each other. On the one hand, the United States expected that foreign aid, second-hand military hardware, and goodwill would go a long way toward assuring Brazil's alignment with US political, economic, and military security policies, without recognizing Brazil's needs for its national development. On the other hand, for its part as an ally, Brazil perhaps expected an unrealistic amount of economic and military arms support from the United States, given that country's worldwide commitments. In 1983, both countries share the beginnings of a more realistic relationship. The emergence of Brazil as a key political and economic power make it essential that both countries maintain a frank, continuing dialogue—one that recognizes their mutual objectives and aspirations as well as the inherent limitations of their divergent interests.
APPENDIX
POSTWAR DEMOCRACY

Prior to the establishment of authoritarian rule as a result of the April 1964 Revolution, Brazil enjoyed almost two decades of democratic government with the active participation of its political parties. The democratic process had been restored in 1945, when Brazilian military leaders returning from the Allied campaign in Italy forced President Getúlio Vargas to relinquish his fifteen-year leadership of the country in favor of free national elections. Before leaving office, Vargas contributed to the formation of two of the three major political parties that would compete for leadership of the country for the next nineteen years. These two parties, the Partido Social Democrático (PSD—Social Democratic Party) and the Partido Trabalhista Brasileiro (PTB—Brazilian Labor Party) were actually factions of the populist machine that supported Vargas while he governed Brazil. The third party, the União Democrática Nacional (UDN—National Democratic Union), was a coalition of middle-class liberal democrats who opposed Vargas and his followers.

The military leader who engineered Vargas’ departure from office, General Eurico Dutra, was elected president on the PSD ticket in December 1945. As a conservative, he avoided the nationalistic rhetoric and radical reform that the populist Vargas had advocated. Shortly after President Dutra took office, Luis Carlos Prestes, the leader of the Partido Comunista Brasileiro (PCB—Brazilian Communist Party), declared his party’s support for the Soviet Union in the event of a war involving the Soviet Union and Brazil. This radical affront and PCB gains in the January 1947 state elections resulted in the outlawing of the Brazilian Communist Party and expulsion of its members from the congress by the Dutra government.
Getúlio Vargas returned in 1950 to campaign for president under the PTB banner in coalition with a vice presidential candidate of the Partido Social Progressista (PSP—Social Progressive Party), João Cafe Filho. Throughout his career, Vargas and his supporters expounded nationalistic goals for Brazil's development. These goals included governmental control of natural resources, limitations on foreign capital, development of Brazil's industrial potential, and expanded trade with all nations. After his election to office, Vargas pursued monetary policies and developed sizeable budgetary deficits that caused inflation. Vargas' disciple, Labor Minister João Goulart, pursued controversial wage increases in support of PTB ideals, resulting in strong military pressure on the president to remove Goulart from the cabinet. Vargas dismissed his minister, but the relentless criticism of the UDN opposition continued until August 1954, when the leaders of the armed forces demanded his resignation for the second time in ten years. Faced with this ultimatum, Getúlio Vargas committed suicide on 24 August 1954. In his suicide note, he blamed external forces for undermining his efforts to develop Brazil into a great power.

In October 1955, another coalition government, headed by former Vice President Cafe Filho, was elected to succeed the Vargas administration. The PSD candidate, Minas Gerais governor Juscelino Kubitschek, ran for president on a ticket with the former Vargas Labor Minister, João Goulart, heir to the leadership of the Brazilian Labor Party. Both were elected and, under the skillful political leadership of Kubitschek, Brazil embarked on a four-year period of economic development that included realizing the more than century-old Brazilian dream of relocating the national capital to the interior. Of greater importance was the stabilizing effect of President Kubitschek's policies and relationship with the political parties in the congress, which were necessary to preserve the democratic process after the turbulent years of Getulio Vargas' presidency.

The presidential campaign of 1960 marked the election of a UDN candidate, São Paulo Governor Jânio Quadros, to guide the Brazilian government. Because the constitution only prohibited reelection of the president, Vice President João Goulart was reelected under the PTB banner, setting the stage for presidential succession that would lead to the 1964 Revolution. During his first few months in office, Quadros developed a highly active and independent foreign policy, reestablishing diplomatic and trade relations with Moscow and the Eastern European bloc, and bestowing Brazil's
highest honor, the Order of the Southern Cross, on Cuba's "Che" Guevara. His attempts to fulfill his campaign promise to reduce inflation and eliminate corruption from the government he inherited from President Kubitschek met with strong opposition by the PSD-PTB coalition that controlled the congress. This opposition also mounted against his other reform and development initiatives until a virtual stalemate prevented any constructive legislative action. Frustrated by his inability to marshall congressional support and public attacks by his political rival, Guanabara governor Carlos Lacerda, President Quadros suddenly resigned his office in protest on 25 August 1961, leaving the nation in a state of shock.

After a series of power-limiting maneuvers by conservative military and civilian leaders who feared his leftist orientation and previous government policies, Vice President Jão Goulart was allowed to assume the presidency in accordance with the constitutional succession process. President Goulart faced the same problems that had confronted his predecessor—a volatile inflation rate and a hostile congress that was not receptive to his reforms. He sought to expand his political base of support in the Brazilian Labor Party, the labor unions, and the working class, by pursuing an independent and somewhat nationalistic foreign policy. While his nationalistic policies designed to reduce the exploitation of Brazil by foreign business interests were popular, they also drastically reduced foreign investment, exacerbating the country's economic problems.

Even though President Goulart regained his full presidential powers in January 1963, after 16 months under an imposed parliamentary system, he lacked the political support to enact his proposed reform legislation. His drastic attempts to gain support from leftist radicals favoring land reform, national student groups, militant union leaders, the working class, and enlisted military organizations eventually resulted in the formation of an opposition composed of conservative military, business, and civilian leaders, and the middle class who feared his ultimate consolidation of power with leftist and communist support. Thus in March 1964, the Brazilian military, supported by the upper and middle classes, organized a coup d'état, drove Goulart into exile in Uruguay, and established a revolutionary government under retired General Humberto Castello Branco.
NOTES

Chapter 1


Chapter 2

5. Ibid., p. 95.


11. Ibid.

12. Information provided by Counsellor Maria da Natividad Petit from the Regional Office of the Ministry of Foreign Affairs in Rio de Janeiro.

13. Guerreiro, Address, p. 11.

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**Chapter 3**


15. "Conflito No Atlântico Não Impede Expedição [Conflict in the Atlantic Doesn’t Impede Expedition]," O Estado De São Paulo, 22 May 1982, p. 13; "Apos 1ª Expedicão, Brasil Levará Novos Projetos À Antártida [After First Expedition Brazil Will Carry New Projects to

16. "Em Meio À Tempestade [In the Middle of the Storm]," Veja, 15 July 1981, p. 93.


22. "Em Meio À Tempestade [In the Middle of the Storm]," p. 97.


37. Undated US Information Agency paper on Brazil and issues regarding its relationship with the United States.


Chapter 4


3. Segments on the beginnings and democratic reforms of abertura include factual information from Bernardo Kucinski's uniquely comprehensive work on the subject of Brazil's political opening, Abertura, A História De Uma Crise. Opinions expressed in this area are those of the author and not of Mr. Kucinski.


12. Partidos E Políticos was used as a definitive source for the discussion of current political party organizations in Brazil. The following journalists wrote chapters on the parties:

   PDS—Vallas-Bôas Correa
   PMDB—Francisco Vargas
   PTB—Carlos Castello Branco
   PDT—Rogério Coelho Netto
   PT—José Néumanne Pinto
   PP—Acilio Lara Resende
   PCB—Wilson Figueiredo


**Chapter 5**

1. Odilon Da Silva Filho, "O Brasil E Os Estados Unidos Da America [Brazil and the United States of America]," unpublished research paper, pp. 35–36. It is estimated that this research paper, written by an active duty Brazilian Navy captain, was completed in February 1981.


7. Ibid., p. 7.
8. Ibid., pp. 13–14.
17. Ibid., pp. 21–30.
20. Roberto Godoy, “Libya Terá ‘Bombas Inteligentes’ Do Brasil [Libya Will Have ‘Smart Bombs’ from Brazil],” O Estado De São


Chapter 6

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tr>
<td>Abertura</td>
<td>Brazilian redemocratization process</td>
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<tr>
<td>ARENA</td>
<td>Aliança Renovadora Nacional—National Renovating Alliance</td>
</tr>
<tr>
<td>Bandeirante</td>
<td>Brazilian-made, turbo-prop aircraft</td>
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<tr>
<td>Carajás</td>
<td>Iron-ore mine in mineral-rich region of northern Brazil</td>
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<tr>
<td>Cascavel</td>
<td>Brazilian-produced armored vehicle</td>
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<tr>
<td>Credito prêmio</td>
<td>Export subsidy</td>
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<tr>
<td>Dirigismo</td>
<td>Economic direction by the state</td>
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<tr>
<td>EMBRAER</td>
<td>Empresa Brasileira de Aeronautica—Brazil’s state-owned aircraft company</td>
</tr>
<tr>
<td>ENGESA</td>
<td>Brazilian corporation for production of armored vehicles</td>
</tr>
<tr>
<td>Escola Superior de Guerra</td>
<td>National institute for educating Brazil’s future civilian and military leaders</td>
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<tr>
<td>Estatais</td>
<td>State-owned corporations (Brazil)</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<tr>
<td>GSP</td>
<td>Generalized System of Preferences. US legislation that permits eligible products from developing countries to enter the United States duty free</td>
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<tr>
<td>Ilha Grande</td>
<td>Hydroelectric dam to be built in southern Brazil</td>
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<tr>
<td>IMBEL</td>
<td>Indústria do Material Belico do Brazil—Brazil’s state-owned holding company for setting policy and coordinating production of military material</td>
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<tr>
<td>IPEA</td>
<td>Institute of Economic and Social Planning (Brazil)</td>
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<tr>
<td>Itaipu</td>
<td>The world’s largest hydroelectric dam—a joint Brazilian-Paraguayan project</td>
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<tr>
<td>Itamaraty</td>
<td>The Brazilian Ministry of Exterior Relations</td>
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<tr>
<td>ITC</td>
<td>International Trade Commission</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>MDB</td>
<td>Movimento Democrático Brasileiro — Brazilian Democratic Movement</td>
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<tr>
<td>NUCLEBRAS</td>
<td>Brazilian Nuclear Power Agency</td>
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<tr>
<td>Parahna</td>
<td>Brazilian-made, heat-seeking missile</td>
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<td>PCB</td>
<td>Partido Comunista Brasileiro — Brazilian Communist Party</td>
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<tr>
<td>PDT</td>
<td>Partido Democrático Trabalhista — Democratic Labor Party</td>
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<tr>
<td>PETROBRAS</td>
<td>Brazil's state-owned oil company</td>
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<tr>
<td>PL</td>
<td>Partido Liberal — Liberal Party</td>
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<td>PMDB</td>
<td>Partido Movimento Democrático Brasileiro — Brazilian Democratic Movement Party</td>
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<td>PP</td>
<td>Partido Popular — Popular Party</td>
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<tr>
<td>PROALCOOL</td>
<td>Brazil's national program for alcohol production</td>
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<td>PS</td>
<td>Partido Socialista — Socialist Party</td>
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<td>PSD</td>
<td>Partido Democrático Social — Social Democratic Party</td>
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<tr>
<td>PSP</td>
<td>Partido Social Progressista — Social Progressive Party</td>
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<td>PT</td>
<td>Partido dos Trabalhadores — Workers Party</td>
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<td>PTB</td>
<td>Partido Trabalhista Brasileiro — Brazilian Labor Party</td>
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<td>Quarteis</td>
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<tr>
<td>Segurança e Desenvolvimento</td>
<td>Security and Development</td>
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<tr>
<td>SEST</td>
<td>Secretary of Control of State Enterprises (Brazil)</td>
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<tr>
<td>Treaty of Tlaltelolco</td>
<td>1967 treaty banning nuclear weapons in Latin America</td>
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<tr>
<td>Tucurui</td>
<td>Dam project in northern Brazil</td>
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<tr>
<td>UDN</td>
<td>União Democrático Nacional — National Democratic Union</td>
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<tr>
<td>Urutu</td>
<td>Amphibious version of Cascavel armored vehicle</td>
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The advisory readers for this monograph were Terry Arnold, Department of State, and Captain Sergio Tasso, Inter-American Defense College. Evelyn Lakes was the NDU Press writer-editor.