THE POLITICS OF MILITARY RULE IN BRAZIL 1964-85

THOMAS E. SKIDMORE

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PREFACE

Readers of my *Politics in Brazil, 1930–64: An Experiment in Democracy* (1967) may ask how it relates to this book. In the earlier work I was drawn into analyzing politics and economic policy making as far back as 1930 because the existing secondary literature was so thin. But my principal purpose was to explain the overthrow of the Goulart government in 1964. I saw that constitutional rupture as ending the era of democratic politics that had begun in 1945. Seen from the perspective of two decades later, that judgment seems confirmed. In analyzing the historical process that led to 1964, I looked closely at how the political elite had dealt with the difficult choices in economic policy, focusing on the party system and the constitutional structure, as well as the nationalistic economic views and vote-getting strengths of the populist politicians. Finally, I looked at the decisive actors of 1964—the military, especially the army officer corps.

The *raison d'être* for my new book can also be traced to 1964. But here I seek to describe and explain the political process created by the military's determination *not* to return power promptly to the civilian politicians, as they had done after all their other interventions since 1945. What kind of regime did they create as they successively tightened their grip in 1965, 1968, and 1969? And what kind of opposition emerged? To answer these questions I have treated at length the presidency of General Médici (1969–74), which saw the "national security state" in its purest form. Those years have repelled many scholars, both because of the government's unapologetic repression and because of its superficial success (1970 World Cup victory, 11 percent economic growth, etc.). Yet we can only understand the democracy of the New Republic if we understand in depth the authoritarian era—both the repression and the armed opposition—out of which it grew.

It is obviously more difficult to study an authoritarian political system than an open one. Censorship and repression have distorted the record, and much of the most important political bargaining was done offstage. The written sources therefore do not fully reflect the clash of interests, whether regional, sectoral, class, or institutional. We must infer much

more than was the case for the 1945–64 era. That means any interpretation will be uncommonly subject to extensive revision as more official sources and key personal accounts become available.

During their rule the military were notoriously close-mouthed to outsiders. Yet even some prominent officers have told their story (and more revelations will undoubtedly appear). Brazil's journalists have also furnished a wealth of first-class reporting and commentary, despite difficult working conditions. In short, the printed sources on Brazil's authoritarian years are richer than an outsider might guess. Brazil, in comparison with military governments in Argentina, Uruguay, and Chile, has been far more accessible. This is partly because the repression was less severe in Brazil than in the other three countries. But it is also because post-1945 Brazilian political culture in general has proved more open that that of, for example, Argentina, with which Brazil is most often compared. That relative openness has been a great asset for researchers, both Brazilian and foreign.

One result has been the rapid maturation of Brazilian social science research. If there ever was a time when Brazilians needed to know English to follow scholarship about their country, those days are long past. In the story that follows I have tried to tap as much of that rich and rapidly growing Brazilian literature as possible. But in many cases I was only able to draw on selected findings. I hope my footnotes will guide readers wanting to consult this literature in depth.

One set of historical actors about which much is already being said is the group of "grass-roots" organizations, such as the Church's ecclesiastical base communities, the neighborhood associations, and the shop-floor union organizations. Alongside them have been active such established elite groups as the Bar Association, the national conference of bishops, and the industrial and commercial associations. All have wielded political weight, albeit at differing times and to differing effect. Continuing research on their role will be essential, not only to reveal how Brazil emerged from authoritarian rule but also to illuminate the dynamics and democratic potential of the New Republic. Just as the political polarization of the 1945–64 era determined much of the shape of military rule, so the political dialectics of the authoritarian years will continue to be played out as democratic habits are reinforced. Brazilian politics have long been famous for their continuity. The New Republic has proved no exception. It is no coincidence that President José Sarney and Congress President Ulysses Guimarães are both politicians whose careers extend back well beyond 1964.

Yet Brazil's hopes are understandably fixed on what has changed. My final chapter is devoted to an analysis of the first fifteen months (with a postscript to June 1987) of the New Republic. It is already clear that Brazil's new democracy will be severely tested by the need to deal with hard economic choices and with the insistent demands for greater social justice. Those of us who study Brazil from afar and who have come to love the country and its people can only add our fervent hope that Brazil will be able to realize the democracy, prosperity, and peace that its finest minds have articulated so often and so eloquently.

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Sheldon Meyer has been my editor for my entire scholarly career. His support and shrewd advice have meant much. Although a number of friends gave valuable comments on portions of the manuscript, none saw it in final form. Unfortunately, any errors that remain are mine. I thank my wife for reasons that people who know her well or work with her will understand.

Madison, Wisconsin T.E.S.
July 1987

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I

The Origins of the 1964 Revolution

It was an early April 1 morning in Rio de Janeiro. Brazilian President João Goulart had spent the previous night at Palacio Laranjeiras, the Rio presidential residence. His trip to Rio had come at a critical time in 1964. His advisers warned that dissident army units from the inland state of Minas Gerais were marching on Rio to overthrow his government. A few die-hard advisers tried to convince Goulart that the military were loyal and would soon take this rebel faction into custody.

As the hours passed, however, the reports grew more alarming. A contingent of the Rio-based First Army had been sent to interdict the rebel army column approaching from Minas Gerais. But the loyalist commander and troops from Rio joined the rebel side as the two forces met. In Rio the marines had been alerted for action against Carlos Lacerda, the passionately anti-Goulart governor of Guanabara (greater Rio de Janeiro city). As tension at the marine base grew, a tank suddenly left, without orders, for Lacerda's palace. On arrival the tank drivers declared their support for the revolt and were greeted with jubilation by Lacerda and his aides. The ranks of loyalist troops were shrinking by the hour.

By late morning Goulart could see the military balance tipping against him. He had one last hope. No military coup could succeed without São Paulo's Second Army. It was commanded by General Amaury Kruel, who had not joined the revolt, in part because of his enmity toward General Castelo Branco, a key leader of the military revolt. The president called General Kruel and appealed for his continued loyalty. Kruel replied that his support depended on the president's breaking with the communist-led CGT (General Labor Command), whose influence the military rebels decried. Goulart demurred, arguing that his labor support was indispensable. "Then, Mr. President," Kruel replied, "there is nothing we can do."[1]

Goulart now knew his rule had effectively ended. From the U.S. Embassy and contacts at the airport, U.S. Ambassador Lincoln Gordon and his staff had been monitoring the traffic between Palacio Laranjeiras and Santos Dumont, the downtown airport. In the morning the presidential

limousine had set out for the airport but then returned to the palace. Did the president have second thoughts? Meanwhile, in Washington, National Security Adviser McGeorge Bundy was personally monitoring the cable traffic from Brazil, a sure sign of White House worry that Brazil might lurch to the left.[2] In the late morning the U.S. embassy again spotted the presidential limousine heading toward Santos Dumont. This time Goulart went straight to his plane and took off for Brasília.

Was he planning a last-ditch defense there, as his top civilian staff adviser Darcy Ribeiro was urging? But resistance without military support would be suicidal. It rapidly became apparent that Goulart's military support had vanished. From Brasília, Goulart flew to his home state of Rio Grande do Sul. There the Third Army commander had not yet joined the coup, so federal Deputy Leonel Brizola, Goulart's brother-in-law and the most visible radical nationalist spokesman, was calling for popular resistance. Goulart refused to join in. By April 2 the Third Army had joined the rebellion, precluding any chance of repeating the 1961 Third Army revolt that had won Goulart his succession to the presidency over the attempted veto of the military ministers. Two days later Goulart reluctantly crossed into Uruguay, a long-time refuge for South American political exiles.[3]

How had the Brazilian president's enemies been able to drive him from his office and his country? The most immediate explanation was that his die-hard civilian enemies had won over the military, essential for a successful coup. Some military needed no convincing. By 1963 they had decided Goulart was leading Brazil toward a socialist state which would liquidate the country's traditional values and institutions. They propounded their views in anti-Goulart memoranda circulated in military barracks throughout Brazil. They argued that the president must be deposed before his actions (military appointments, financial decisions, etc.) could undermine the military itself. The coordinator of the military conspirators was army chief of staff General Castelo Branco, a quiet, reserved soldier who had served with Brazil's army combat division in Italy in 1944–45. He was known as a highly correct and apolitical officer, a good reason to make him the coordinator.[4]

These conspirators shared a strongly anticommunist view developed in the military's *Escola Superior de Guerra* (Higher War College), modeled on the U.S. National War College. In Brazil it became a highly influential center of political thought through its one-year classes composed of equal numbers of senior-level civilians and military. The Cuban Revolution stimulated the Brazilian military to apply the theory of "internal war" to Brazil. Now the primary threat was defined as coming not from external invasion, but from leftist labor unions, intellectuals, peasant unions, clerics, and university students and faculty. They all threatened the country, and would all have to be neutralized or rooted out by decisive action.[5]

This anticommunist view was not new to Brazilian politics. In 1954 President Getúlio Vargas had been driven to suicide by a military conspiracy

similar to that against Goulart. Vargas, who had earlier been Brazil's president from 1930 to 1945 (the last eight years in an authoritarian regime), had returned to the presidency by popular vote in 1951.[6] Given the many parallels between the fall of Vargas in 1954 and the overthrow of Goulart a decade later, the 1950s need a closer look.

Vargas's troubled 1951–54 presidency was marked by a deepening political polarization. The president's main party support came from the PTB (*Partido Trabalhista Brasileiro,* or Brazilian Labor Party), founded under Vargas's aegis in 1945. It was modeled on the European democratic socialist parties, and it became the major party on the left. But it was marked by personalism, and its ideological hue varied by state. The president launched an ambitious public investment program, only to see the economy founder, pulled down by plummeting coffee prices abroad and surging inflation at home. Determined to carry out his nationalist economic program (such as creation of a national oil monopoly) and at the same time improve workers' wages, Vargas, now a populist, found himself in 1953 forced to adopt a highly unpopular anti-inflation program. As if the economic crisis were not enough, he also faced a military conspiracy. His nationalist and populist policies had provoked an angry reaction among anticommunist officers, who by 1953 had captured the military leadership. The latter were especially upset in early 1954 over a large proposed minimum wage increase, while officers' take-home pay continued to shrink. The Labor Minister who recommended the wage increase was João Goulart, a young PTB politician and Vargas protégé from the same Rio Grande do Sul locale as his president.[7]

The anti-Vargas politicians and press dubbed Goulart "the chief of Brazilian Perónism."[8] Under intense political pressure, Vargas in late February 1954 fired Goulart, an early casualty in Vargas's battle with the anti-populists. The latter were led by the UDN (*União Democrático Nacional*), founded to fight the Vargas dictatorship in 1945 but soon to be the leading conservative party. By 1954 it was the anti-getulista force par excellence. Its most visible spokesman was Carlos Lacerda, a talented journalist who used his Rio daily, *Tribuna da Imprensa,* to blast Vargas with vicious personal and political attacks of every description.[9]

Firing Goulart proved no solution. Vargas's problems only got worse. Coffee sales abroad fell drastically, due in part to Brazil's misguided marketing policies. Vargas's ex-foreign minister accused Getúlio of plotting with Argentina's Juan Perón to form an anti-U.S. bloc in Latin America. The press was filled with exposés of government financial scandals. Faced with this onslaught, Vargas cast about for political allies. In May he decreed a 100 percent increase in the minimum wage, more even than Goulart had recommended. But it came too late to help mobilize working-class support.

By August, Vargas had been isolated by his enemies, whose ranks were growing daily. The president's head bodyguard, moved by his chief's plight, decided to arrange the elimination of Carlos Lacerda, Vargas's greatest tormentor. The assassin hired to kill Lacerda only wounded him

but did kill an air force officer accompanying Lacerda. Vargas had known nothing of the assassination plot but was now even more vulnerable to his enemies. The air force mounted its own investigation, quickly tracing the assassin to the presidential palace. This inquiry also turned up more financial scandals, and thus more ammunition for Lacerda and the UDN.

The decisive voice now came from the army, always the ultimate arbiter in Brazilian politics. Twenty-seven generals, including both anti-getulistas and centrists, issued a manifesto demanding Vargas's resignation. "Criminal corruption" was a prime charge. The "politico-military crisis" threatened "irreparable damage to the country's economic situation." Finally, there was a threat of "grave internal disturbances."[10]

Vargas defied his accusers. He warned them he would never resign. After receiving another military ultimatum endorsed by the war minister, and after a somber cabinet meeting on November 24, Vargas exercised his last option. He retired to his quarters and fired a bullet through his heart. He left a suicide note blaming his defeat on "a subterranean campaign of international and national groups." Vargas was aiming at the international oil companies which had fought his successful creation of Petrobrás, the national oil monopoly. He denounced the "violent pressure upon our economy to the point of having to surrender," referring to the U.S. reaction to Brazil's attempt to keep coffee prices up. The now-dead Vargas concluded: "I gave you my life. Now I offer my death. Nothing remains. Serenely I take the first step on the road to eternity as I leave life to enter history."[11]

With his suicide Vargas turned the tables on his enemies. They had been moving into the vacuum created by the moral and political discrediting of the Vargas government. But with the president now a martyr, the anti-getulistas were suddenly on the defensive. Carlos Lacerda, once the wounded hero, ducked into hiding and then exile. Angry crowds stoned the U.S. embassy windows and burned delivery trucks of *O Globo,* a leading anti-getulista daily. Those targets fit the description of Vargas's tormentors given in his suicide letter.

The denouement of Vargas's 1951–54 presidency set the political context and agenda for the next decade. There was first the question of economic nationalism. How should Brazil treat its foreign investors? What areas (such as oil, minerals, etc.) should be reserved for national capital, either public or private? How could Brazil maximize its gains from foreign trade?

A second key area was economic equity within Brazil, reflected in the public debate by the minimum wage adjustment. No economic issue of 1954 had bedevilled Vargas more than the minimum wage adjustment. What was a "fair" wage rate? To what extent should workers be able to bargain collectively? The corporatist labor law (dating from the 1937–45 authoritarian regime) virtually proscribed such bargaining. Nonetheless, independent São Paulo labor organizers—i.e., beholden neither to the government nor to the previously established elements on the left such as the Communist Party—were making headway. In the short run that was likely to create even more political headaches for Vargas.[12]

Agricultural labor relations also claimed the spotlight during Vargas's presidency. In early 1954 the president authorized Labor Minister Goulart to begin organizing agricultural workers in the state of São Paulo.[13] Brazil's greatest poverty lay in the countryside, where income and public services lagged far behind the urban scene. Yet Vargas lacked any mobilizable political support for this initiative. Landholders, on the other hand, were well represented at every government level. The result was to increase the number of Vargas's active enemies without achieving any reform.

Finally, Vargas's presidency and his tragic departure raised crucial political questions. First was the future of the political party system. The UDN had accomplished its immediate goal: to drive Vargas from power. But it had also made him a martyr, thereby helping the PTB, which now carried high Vargas's flag of economic nationalism. As elections strengthened the PTB, the UDN found itself fighting the anti-getulista battles all over again. Meanwhile, the PSD was caught in the UDN–PTB cross fire. The third of the three major parties created in 1945 was the PSD. Its original leaders were the top-level administrators and political oligarchs favored by the Vargas dictatorship of 1937–45. By its ideology and practice the PSD was centrist, straddling the UDN on the right and the PTB on the left. The PSD leaders were the would-be pragmatists and natural peacemakers. But the inflamed political tempers of 1954 did not lend themselves to conciliation.

Tempers eventually cooled, and a PSD president, Juscelino Kubitschek, was elected to a five-year term in 1955. He made his government known for rapid economic growth and imaginative innovations, such as building the new capital city of Brasília and creating SUDENE, the regional development authority of Brazil's Northeast. Kubitschek was the prototype of a centrist PSD politician. He downplayed ideology and concentrated on attracting maximum support for his "developmentalist" industrialization. He solicited foreign investment in sectors such as vehicle manufacture. He also broke with the IMF (International Monetary Fund) in 1959 over its demand for an orthodox stabilization program, thus unleashing strong nationalist feelings. The UDN and anti-getulista military attacked Kubitschek's PSD government, but the president's ebullient political style and imaginative development program reduced the effectiveness of the attacks.

The UDN thought their chance had finally come in 1960. They had never elected a president, but Jânio Quadros, a charismatic former São Paulo schoolteacher, looked like a winner. He had been elected São Paulo mayor and then governor of São Paulo state. Jânio was not a conventional politician. He regarded party identification as a mere convenience and had often switched parties. The UDN wanted Jânio because he shared many UDN positions, such as a crusading attitude toward corruption, a suspicion of grandiose reforms, a preference for free enterprise, and an emphasis on the values of home and family. Quadros also promised to eradicate inflation and rationalize the state's role in the economy. Most important, the UDN wanted Jânio because he was a phenomenal vote-getter.

Winning the presidential election of 1960, Quadros did not disappoint

the UDN, on whose ticket (along with others) he ran. Yet it was a highly personal victory. That was confirmed by the fact that his UDN running mate, Milton Campos, lost to João Goulart, the vice presidential candidate on the opposing slate (the electoral law permitted ticket-splitting).

Quadros took office in January 1961, enjoying enormous political prestige. His campaign (its symbol was a broom) had convinced both friends and enemies that he meant business. Hope was especially high among the military, who longed for a moral crusade against what they saw as the unprincipled and opportunistic politicians. Rumors of political payoffs (from contractors in Brasília, land-sellers in Minas Gerais, and agents for multinational firms) had been rife for years. Quadros gave a sense of control as he settled into the Planalto, the presidential palace in Brasília. His famous broom was now aimed at dishonest politicians and slothful bureaucrats.

Quadros's political magic did not take long to be tested. Always known as an eccentric, he took some surprising zags to the left. He presented Che Guevara with the order of the Cruzeiro do Sul, Brazil's highest decoration for a non-citizen. Why should he be honoring an Argentine-cum-Cuban guerrilla? the UDN asked. On a more important issue, Quadros hesitated over an IMF-style economic stabilization program, which he had promised would stop inflation. Was he stepping back from economic austerity? Quadros also complained that the Congress was obstructing his legislative program, although he had submitted few proposals.

The president's pro-Cuban gestures were enough to rouse the ire of Carlos Lacerda, still the UDN's most powerful and strident voice. He hurled insults at Quadros, himself a formidable polemicist. But the president did not try to slug it out. Instead, to everyone's complete surprise, Quadros sent a written resignation to Congress in August 1961. The president's action came as a bombshell. His millions of supporters were bewildered, their high hopes dashed. Although Quadros may have thought the Congress would summon him back and give him DeGaulle-style powers (what he apparently wanted), he left Brasília the same day and went incognito.

Congressional leaders quickly removed the uncertainty by taking the resignation at face value. Quadros had suddenly made Vice President João Goulart his legal successor. Thus had fate (and Jânio) elevated to the presidency the same PTB politician whom the UDN had helped drive from office in 1954. As if to underscore his ideological leanings, Goulart was then on a goodwill tour of the People's Republic of China.

Before Goulart could arrive back, the three military ministers, led by Army Minister Marshal Odílio Denys, announced he would not be allowed to succeed to the presidency. They accused Goulart as Vargas's labor minister, of having awarded key union positions to "agents of international Communism." The ministers' manifesto ended by charging that once in the presidency Goulart might promote infiltration of the armed forces, thus transforming them into "simple Communist militias." The specter of a worker–soldier conflict could not have been better described.[14]

The military ministers assumed they could enforce their veto of Goulart's succession. In fact, that assumption soon proved unfounded. Their manifesto stimulated creation of a nationwide "legality" movement, whose members demanded that the military honor Goulart's legal right to succeed. The backbone of the movement came from the PTB and allied groups on the left, but it also included centrist politicians and military officers who believed that honoring the constitution was the only way to strengthen Brazilian democracy. In other words, Goulart should be given a chance to prove or disprove the accusations from the right.

The weakest link in the ministers' forces was the Third Army in Rio Grande do Sul. The commander, General Machado Lopes, rejected the veto. He was enthusiastically encouraged by the young governor, Leonel Brizola, Goulart's brother-in-law and a PTB firebrand leader in the "legality" campaign. Brizola and Machado Lopes had devised a strategy to force the ministers' hand. Goulart would re-enter Brazil via Rio Grande do Sul. If the navy moved against Rio Grande do Sul, Brizola threatened to sink enough ships to block the entrance to the port of Pôrto Alegre. This move checkmated the ministers, who now had to negotiate a compromise.

The solution was to allow Goulart to succeed to the presidency, but with reduced powers. A hastily passed constitutional amendment transformed Brazil into a parliamentary republic. Executive power was effectively transferred to the parliamentary cabinet, which would govern subject to retaining a congressional majority. Goulart reluctantly accepted this compromise, but immediately began planning to regain full presidential powers. He got them in January 1963 when a national plebiscite restored the presidential system. But only a little more than half of the original five-year presidential term now remained.

What kind of Brazil did Goulart face? The first matter was economic. Since 1940 Brazilian GNP had grown at 6 percent a year, a record few Third World countries could match. Both Brazilians and foreign observers, noting the abundant resources of almost every kind, predicted a bright future for Latin America's largest country. Kubitschek's industrialization drive and construction of Brasília seemed to signal Brazil's "takeoff."

But further development would not be easy. Basic infrastructure was woefully inadequate. Electric power production, for example, could not meet basic demand in Rio and São Paulo. São Paulo factory managers often maintained their own diesel-powered generators to keep production lines going. Rio de Janeiro suffered frequent water and electricity rationing. Paved highway in a country larger than the continental United States totaled only 5,518 miles.[15] The overburdened railway system ran on different gauge track in different regions, and most of its rolling stock was antiquated.

The educational system was little better. Primary and secondary education was a local and state responsibility, but fewer than 10 percent of the children enrolled in first grade finished primary school, and only 15 percent of secondary school students managed to finish.[16] The causes included

inadequate funding to staff and house schools, parental unconcern, lack of family funds to pay for school uniforms, parental pressure on children to work, and many others. In most cities the best secondary schools were private. They served the children of the wealthy, who then had a head start on competitive entrance exams to the tuition-free federal universities. Not surprisingly, the federal universities were filled with the children of the well-to-do. With more than half of the federal education appropriations going to federal universities, the government was stacking the cards against upward mobility via education.

This educational system not only failed to meet minimal literacy goals for the general population, it also failed to train the skilled work force demanded by industrialization. Brazil depended almost entirely on imported technology, most of which was owned by foreign firms. The roll call was international: Brown Boveri (generators), Bayer (drugs), Bosch (electrical equipment), Coca-Cola (soft drinks), and Volkswagen (vehicles). The Brazilian government did not even print its own currency (except for the rapidly disappearing one-cruzeiro note). That was a job for American Bank Note Company or Thomas Larue, Ltd. (British), whichever more lavishly lobbied the Brazilian authorities.

Health care was another neglected area in Brazil. In health, as in education, the greatest contrasts were between city and country. City dwellers, even in the slums, generally received more social services than their counterparts in the countryside. To what extent did this rural poverty result from the pattern of landholding? Although patterns varied by region, almost everywhere there were large amounts of cultivable land not in use. The owners were both private individuals and government bodies. Not far from such idle lands were millions of rural landless. Why did they not invade those lands? Because police power in the countryside was controlled by the large landholders or their allies among the city elites. But it was not only coercion that deterred the landless and the marginal landowners. It was also the web of socio-economic and moral relations that linked the powerful to those below. It included the *compadre* (co-godfather) system. The godchild looked to the (powerful) godfather for protection and benefits. This system channeled aspirations of the inferior to the one figure who was expected to reach down and help his moral charge. It was the very opposite of the collectivist impulse, by which inferiors would use their collective strength to extract concessions. The result was that Brazil's twentieth-century peasant movements had never demanded the scale of agrarian reform achieved in Mexico or Bolivia. Nor was agrarian reform a high priority for the political left, which clung to the traditional Marxist dogma that only the urban proletariat could launch a revolution.

In the cities the newly inaugurated President Goulart would find a surging population of in-migrants who left the countryside looking for a better life. What they found were burgeoning slums (often known by the Rio term of *favelas*). However foul these shack settlements may have looked to the outsider—Brazilian or foreign—many residents saw them as their stepping

stone to economic betterment. These new city dwellers worked at whatever they could get. Women found jobs as domestics or shop clerks, men found jobs as bus conductors, janitors, or runners for the numbers racket (*jôgo do bicho*). The lucky ones got jobs in the formal sector, covered by the minimum wage and therefore by the social security system.

These latter workers formed the natural basis for an urban labor movement. But were they good material for unionization? President Vargas preempted that question during his semi-corporatist dictatorship of the Estado Nôvo (1937–45) by producing a labor code that gave the state vast power over labor relations. Union membership was made compulsory, as was dues payment (payroll deduction sent to the Labor Ministry and then distributed to the union, the federation, or the confederation). There was no room for collective bargaining, and strikes were virtually illegal. Disputes, if adjudged legal, went to an elaborate network of labor courts. In short, it was a structure designed to prevent the emergence of any independent union leaders. Its continued successful operation depended on the existence of a huge labor surplus. It also depended on the government to raise the minimum wage often enough to satisfy the few militant urban unions (dock workers, bank workers, metalworkers). Such increases usually did little more than compensate for past inflation, although those by President Vargas in 1954 and by President Kubitschek in 1956 and 1959 did, if only briefly, set new highs for the minimum wage's buying power. Yet Brazil, like Mexico, had a large labor surplus which inevitably undercut labor's bargaining strength.[17]

Turning from these basic features of the economy in the early 1960s, any observer would have been struck by two urgent short-run economic problems. Both had long dogged Brazilian policymakers. The first was the chronic deficit in the balance of payments. Brazil's deficit in the early 1960s could be attributed to several factors. First, its export earnings depended on a single crop, coffee, for which the world price varied greatly. In the Vargas presidency of 1951–54, for example, Brazil got caught in a coffee price war with the U.S. and lost. Brazil, the world's leading coffee producer, sought to keep the coffee price high on the New York market. The U.S., as the principal consumer of Brazilian coffee, wanted a low price. Brazil then withheld coffee from the market, in hopes of forcing a higher price. That gambit failed when other producers took up the slack and U.S. coffee retailers slowed their buying. To make matters worse, several U.S. Congressmen accused Brazil of having tried to blackmail the U.S. housewife. Unless Brazil could diversify its exports it would remain vulnerable to fluctuations such as these of a single market.

On the import side, Brazil had huge needs: capital goods to industrialize, oil to power its vehicles, raw materials such as copper and potash, to name only a few. The level of imports was closely linked to industrial growth: the faster the growth the higher the import demand.

Besides imports there were other negative items on the balance of payments. Profit remittances, loan repayments, and capital repatriation were

the principal ones. They were balanced by new foreign investment, along with loans and grants (as from international agencies).

When the foreign accounts were added up, Brazil found that a steadily increasing share of its export earnings had to go for debt service. In 1960 it was 36.6 percent, up from only 11.6 percent five years earlier.[18] Few observers doubted Brazil's long-run development potential. In the short run, however, it lacked the hard currency to finance the imports required for continued rapid industrialization. The options were stark. It could slash imports, thereby crippling industry and transport (because of reduced imports of capital goods and oil). Or, it could suspend payment on loans or stop profit remissions on foreign investment in Brazil. Either of the latter actions would frighten foreign lenders and investors (a closed community of like-minded capitalists) into blacklisting Brazil. In sum, Brazil had to produce an economic plan that would satisfy her creditors and thereby keep trade flowing under the prevailing rules of international capitalism.

Quadros had faced this problem and had decided to turn to the IMF. The IMF was crucial because most other creditors waited for it to signal when a debtor country had undertaken a sufficiently orthodox adjustment program. Quadros had presented an orthodox stabilization program, which won IMF approval. He had only begun to feel its effects—inevitably recessionary—when he resigned.

Goulart reached the presidency with truncated powers, to find Brazil's creditors highly skeptical.[19] The new government had to start the debt negotiations anew. And the creditors had taken due notice of the ugly political fight surrounding Goulart's succession. They also noted his leftist politics—a severe liability in the eyes of foreign bankers.

The second urgent short-run economic problem facing Goulart was inflation. From 1949 to 1959 Brazil had suffered inflation rates ranging from 12 to 26 percent. Brazilians, like many Latin Americans, took a more relaxed attitude toward inflation than do North Americans or Western Europeans; they knew from experience they could not expect the same monetary stability the North Atlantic economies took for granted. In 1960, however, inflation shocked even the Brazilians when it hit 39.5 percent. Savers found their accounts depreciating more rapidly, while major lenders simply refused to make long-term commitments. The premium was on finding a loan at a high negative interest rate. Distortions riddled the economy. The state enterprises, especially public utilities, let their prices, often set by elected politicians, lag far behind inflation. This swelled the public sector deficit, as did inflation's effect on revenues collected with a lag.

But no postwar Brazilian government had been willing to carry out an orthodox anti-inflation program. Both Vargas and Kubitschek, for example, had development goals they were unwilling to sacrifice to orthodoxy. Both managed to keep the economy going without acquiescing in an IMF-style stabilization program. For Goulart, however, time was short because the economy he inherited gave less room for maneuver.

By late 1962 the problems on both the balance of payments front and the

inflation front had become acute. Goulart's response was to summon the best minds on the moderate left, San Thiago Dantas and Celso Furtado, to draw up a stabilization program. In early 1963 they produced a plan that won the approval of both the IMF and the Kennedy White House. But Brazil's creditors were suspicious, so they demanded a short leash, with each credit to Brazil dependent on demonstrated progress in implementing the stabilization program.

The Dantas-Furtado plan called for devaluation (to cure the overvalued cruzeiro), which would raise the cost of such imports as oil and wheat, in turn raising the cost of bread and bus fares—two basics in the urban worker's budget. The plan also called for holding the line on wages, another unpopular move, since inflation was now over 50 percent. In order to cut the public sector deficit the government would have to lay off workers, yet another blow to the urban work force. Goulart, long a politician of the left, found himself saddled with a stabilization program that might appeal to the UDN but never to his PTB. Furthermore, Dantas and Furtado could give no assurances on how long it would take to work, although Goulart's term had only a little more than two years to go.

Goulart stuck with the Dantas-Furtado plan for six months. By June 1963, however, he had decided its political costs were too high, so he switched to another option, the radical nationalist strategy. The radical nationalists argued that the economy's foreign sector was the *cause* of much of its current economic ills. Most foreign investors, they argued, entered Brazil only to gain monopolistic market power and then remit maximum profits to their home firms. In pharmaceuticals and heavy electrical equipment, for example, they manipulated the market in order to block Brazilian firms. Whatever technology they brought in, argued the radical nationalists, remained corporation property and had little spillover effect in the economy at large. The solution? Tighter controls on foreign firms, such as the tougher profit remittances law passed by the Congress (radical nationalist Congressmen had taken the lead) in 1962.

The radical nationalists also attacked the terms under which Brazil's foreign trade took place. They argued that Brazil's export prices were manipulated by major traders, such as the U.S., thereby reducing Brazil's export earnings. At the same time the prices of industrial imports, also allegedly manipulated by the major traders, increased steadily. The resulting negative trend in Brazil's terms of trade (the ratio of the prices of Brazil's exports to the prices of her imports) contributed greatly to Brazil's chronic balance of payments deficit.

Finally, the radical nationalists blamed the IMF and the World Bank for their role in allegedly keeping developing countries, such as Brazil, in economic subordination. It was true that the World Bank, for example, had suspended all lending to Brazil because it disapproved of Brazil's policies (exchange rate, fiscal, etc.) surrounding the industrialization drive. For its part, the IMF's orthodox approach included tough monetary and fiscal policies which Brazil, like other developing countries, had rejected as

not appropriate for its economy. Yet Brazil could not get help from its creditors without acceding to the IMF's orthodox strategy.

Underlying this radical nationalist analysis lay the assumption that the industrial countries, especially the U.S., would block any Third World economic development that might threaten their control of world trade and finance. And it was true that in the 1950s the U.S. had generally refused to aid state-owned industrial ventures. Goulart had not totally embraced this radical nationalist diagnosis of the economy's foreign sector, but he was clearly moving toward it after mid-1963.

The other aspect of his turn to the left was domestic policy, where Goulart felt on more familiar ground. The Dantas-Furtado plan had aroused the anger of Goulart's original constituency, the unions. From mid-1963 Goulart pushed with increasing enthusiasm a set of "structural reforms" that included landholding, education, taxes, and housing. He now argued that Brazil's economic crisis—of which the balance of payments impasse and inflation were the most immediate symptoms—could *only* be solved by enacting his package of reforms. By linking them, Goulart had raised the stakes.

Goulart's most determined opponents—centered in the UDN and the military—now began to argue that the president had no intention of carrying out these reforms. Instead, they charged, he was seeking to polarize opinion and thereby pave the way for a radical nationalist takeover of his government. The radical nationalists would then subvert the constitutional order from within. In effect, his enemies were accusing Goulart of having already violated the 1946 Constitution and therefore having lost his presidential legitimacy.

The legal recourse for these militant anti-Goulart forces was impeachment. Because they claimed that the president's unconstitutional conduct was blatant, they needed only to mount a congressional trial.[20] But impeachment required a majority vote of the Chamber of Deputies, which the anti-Goulart forces lacked. The PTB deputies would certainly support their president, and most of the PSD would vote against an impeachment that could help only the UDN.

The anti-Goulart military were therefore in a quandary. They sought Goulart's ouster for his alleged illegalities, yet they would find no legal way to remove him. This was by no means unprecedented. They had found a way to remove Vargas in 1945 and again in 1954. So the military conspirators were not overly worried by their lack of a congressional majority. In fact, they had important civilian allies, such as Governor Carlos Lacerda of Guanabara (greater Rio de Janeiro), Governor Adhemar de Barros of São Paulo, and Governor Magalhães Pinto of Minas Gerais. The anti-Goulart forces could also now count on such leading newspapers as *Jornal do Brasil, O Globo, Estado de São Paulo,* and *Correio da Manhã.* There was, in addition, a network of civilian oppositionists in IPES, an organization founded in the early 1960s by a group of businessmen, lawyers, technocrats, and military officers. They created a "shadow government," publishing statistics on the economy (they did not trust the government figures)

and spawning study groups on such policy issues as educational funding, population control, labor law reform, and minerals development. IPES had a clear conservative bent, standing well to the right of the current congressional majority and far to the right of Goulart's late 1963 position. Paralleling the IPES organizing was a women's movement, CAMDE, which was to specialize in organizing protest marches on such issues as inflation and alleged communist influence in government. In a country where mass mobilization of women for political purposes was still rare, a CAMDE march could have a significant impact on middle-class opinion.[21]

By the beginning of 1964 Goulart found himself stymied on every front. He had little hope of winning congressional approval for any of his major reforms—above all, land reform. (The same PSD Congressmen who would oppose his land reform were not ready, paradoxically, to vote for his impeachment.) Time was running out on his presidency, but Goulart had no desire to withdraw into a merely ceremonial role. He wanted to fight for his reforms. But how? The radical nationalists around Goulart argued that he must go over the heads of the politicians and take his fight to the people.[22]

Goulart accepted their advice and scheduled a series of rallies around the country. He held the first on Friday, March 13, in Rio. Thousands of placard-waving spectators (many bused in at government expense) cheered the president as he decreed the nationalization of land lying within six miles of federal highways, railways, or national borders. The elated Goulart promised more rallies and more presidential decrees.

It was clear the president had made a momentous decision. He was now determined to turn up the heat on Congress and on the opponents of his reforms. The radical nationalists told him his enemies were on the run. Top labor union leaders assured him that union power was growing daily and furnished an ideal base for his upcoming rallies. His top military advisers knew that dissident officers were organizing, but discounted them as an insignificant minority.

When Goulart turned to the left, he found there was no unity. The Moscow-line Communist Party (PCB), with its bitter experience of repression under the Estado Nôvo (1937–45), counseled caution. The Peking-line Communist Party (PC do B), demanded radical action, but its numbers were few. Two national political figures also called for radical action. One was Pernambuco governor Miguel Arraes, who favored a direct, if patient approach toward a drastic redistribution of income and wealth, especially land. The second figure was Leonel Brizola, Goulart's brother-in-law and a PTB Congressman from Guanabara (greater Rio de Janeiro city) elected in 1962 with a record-breaking vote. Brizola had designs on higher power, and was organizing his "groups of eleven" around Brazil to answer the call to battle when his signal came. The most significant force on the left, both in numbers and in depth of passion, were the so-called Jacobins, the militant nationalists who accepted the discipline of neither the PCB nor the PC do B and who came from the Catholic left or the National Union of Stu-

dents (*União Nacional de Estudantes*, or UNE), The Jacobins were political amateurs, pushing for stronger measures by the indecisive Goulart government. When added up, this patchwork on the left was hardly the base for a serious attack on Brazil's established order.

There was the further question of Goulart's intentions; by early 1964 everyone had his suspicions, for which there were ample grounds. Goulart had asked Congress in October 1963 for state-of-siege powers, to last 30 days. The request supposedly originated with the military ministers disturbed by the wave of strikes and politically motivated violence across the country. Three days later, however, Goulart withdrew the request. It had alarmed even the labor leaders, who feared they would be jailed under the state of siege. By these moves Goulart had aroused widespread fears about his plans.[23]

On one point there could be no doubt: his new strategy was certain to mobilize the opposition. By going over the head of Congress he was helping to convince centrist opinion that he was threatening the constitutional order. Furthermore, he had chosen to support an ancillary move sure to infuriate military officers: the unionization of enlisted men. Officers saw this as an obvious threat to military discipline, immobilizing the ultimate line of defense for conservatives. This threat to military hierarchy alarmed even centrist officers who had hesitated to conspire against a legally elected president.

By late March 1964 political tensions had reached an unprecedented pitch. Goulart was locked into a series of rallies at each of which he would announce new decrees. Meanwhile, the military-civilian conspiracy had picked up steam. General Castelo Branco, the army chief of staff who was coordinating the recruitment of officers for the conspiracy, found that Goulart's move to the left since late December had simplified his task. Nonetheless, the conspirators faced formidable obstacles. Most officers did not want to be among the first to join a conspiracy, for fear it might fail, nor among the last, for fear it might succeed.

The last days of March proved decisive, as we have seen. The higher military across the country, only some of whom were active conspirators, rapidly endorsed the coup. There was virtually no fighting, despite calls to battle from Justice Minister Abelardo Jurema in Rio and head of the Civilian Presidential Staff Darcy Ribeiro in Brasília. Calls for a general strike from CGT leaders went similarly unanswered. The president and his radical nationalists discovered that their popular mobilization had not gone very deep. Once again, as in 1954, a populist government had been ended by the men in uniform.

Now began the struggle over who would run the new government. The military—primarily the army but also the navy—quickly stepped into the vacuum and arrested activists on the left, such as student leaders, labor union leaders, organizers of Catholic groups such as JUC (*Juventude Universitária Católica*) and AP (*Acão Popular*), and rural union and peasant league organizers. Hundreds were jailed in Rio, with many confined to

a makeshift prison ship in the harbor. The repression was most severe in the Northeast, where the Fourth Army and state and local police cracked down on the peasant leagues and the recently legitimized rural labor unions. Some peasant organizers simply disappeared, the victims of summary execution. Others suffered torture, usually at the hands of the Fourth Army.

The repression was also carried out by the Lacerda government in Rio and the Adhemar de Barros government in São Paulo. In both cases the political police (DOPS, or *Departamento de Ordem Política e Social*) went after leftist activists whom they had long been watching. The press overwhelmingly endorsed the coup, playing up the civilian role. They were aided by the pro-coup governors and Congressmen who basked in the welcome publicity.

But Goulart's ouster was first and foremost a military operation. The civilian anti-Goulart forces had not been able to stop the president's swing toward a radical nationalist strategy. At best they might have fomented increasing confrontation on such fronts as land reform and labor union militancy. In fact, a proto civil war was already underway, with São Paulo anticommunist paramilitary groups (MAC, CCC) terrorizing leftist student leaders, and with landowners paying gunmen to kill peasant organizers. Still, that would not have stopped a national government with the powers that Goulart was consolidating. Indeed, it was the relative weakness of the civilian anti-Goulart forces that led top-level officers to conclude that only their intervention could save Brazil from a prolonged civil war.

II

Castelo Branco: Cleaning House—April 1964–March 1965

The military-civilian conspirators who overthrew João Goulart in March 1964 had two objectives. The first was to "forestall the communist plan for seizing power and to defend miltary institutions"; the second was to "reestablish order so that legal reforms [could] be carried out."[1] The first turned out to be easy. The second proved far more difficult.

The Military Take Control

The rebels' first task after their military victory was to take over the presidency and the vast executive machinery it controlled. But the Constitution of 1946 (articles 66, 88, and 89) provided only three legal ways a living President could leave office before the end of his term: by resignation, by congressional impeachment, or by leaving the country without congressional approval.

Goulart's congressional opponents had not even attempted to impeach him because they knew they lacked the votes to win, just as Getúlio Vargas's enemies (who came from the same ideological and party origins as Goulart's enemies) had lacked when they sought to oust Vargas in 1954. Although most Congressmen suspected Goulart's intentions, no centrist congressional leader was prepared to lead an impeachment campaign, nor to support the UDN militants (such as Bilac Pinto) in such an effort—primarily because they were apprehensive that Goulart's ouster might set off a general purge of the "ins." As for the other two ways to vacate the presidency, Goulart was certainly not going to resign, and he had not yet left the country. How, then, to fill the presidency? Senate president Auro Moura Andrade solved the short-run problem. The military were demanding that he smooth the way for a new president whom they would indicate—undoubtedly a general. In the early morning hours of April 2, Moura Andrade simply declared the presidency vacant, an act without any legal basis and one that provoked furious protests from the PTB deputies. The Constitution specified that if the presidency were vacant the next in line

would be the president of the Chamber of Deputies (Ranieri Mazzilli) for a maximum 30-day period, while the Congress elected a new president. The Constitution was honored in this step: Mazzilli became acting president. The Revolution's assumption of power, born in an arbitrary act, was now following strict constitutionality. This would not be the last example of such schizophrenia.

The next hurdle was the mandatory election, for which there was no precedent. It was unlike 1954 when the army, after Getúlio Vargas's suicide, endorsed Vice President Café Filho's succession. It was also unlike 1961, when the legality advocates got Vice President Goulart into the presidency (albeit with reduced powers). Now there was no vice president in line to succeed, since Goulart had done that in 1961. A new president would have to be found, and the politicians started their soundings. Would it be an experienced center-left PSD leader, such as Tancredo Neves, or an older politician, such as Gustavo Capanema? Perhaps a centrist general such as Second Army Commander Amaury Kruel? Or a military-civilian patriarch such as Marshal (and former president) Eurico Dutra?[2]

Such speculation was far wide of the mark. The succession belonged to the military, and it was being decided behind the scenes. A large majority of military, among whom the most outspoken were known as the "hard-line" (*linha dura*), was adamant. They wanted to stop the merry-go-round in which recurrent military interventions since 1945 had been followed by the rapid return to civilian rule.[3] As the hardliners believed this strategy had solved nothing, they wanted no more direct presidential elections until they had changed the political rules. They especially wanted the more dangerous actors removed.

The hardliner spokesman was General Artur Costa e Silva, who had appointed himself (as the senior general on active duty in Rio on April 1) war minister in the new government. He then announced that he had organized a *Comando Supremo Revolucionário* (Supreme Revolutionary Command), which included Admiral Rademaker and Air Force Brigadier Francisco de Assis Correio de Melo. The latter two had assumed the other military ministries because they were senior conspirators with legitimacy in the eyes of their anti-Goulart fellow officers. This extra-legal Command was their defense against a possible counter-coup effort by those top military still loyal to Goulart.

Acting President Mazzilli confirmed the Command's de facto power by dutifully naming the three as the military ministers in his new cabinet. On April 7 the new military ministers publicly demanded emergency legislation, suspending normal legal procedures in order to purge the civil service, the military, and elected officeholders at every level. But the old-line congressional leaders were not yet ready to surrender their powers. They drafted their own "Constitutional Act," which would have delegated to the Revolutionary Command (only after a two-thirds vote of the Congress) limited powers to purge the Congress and the federal bureaucracy.

The three military ministers ignored the politicians' draft. On April 9

they issued their own "Institutional Act"—the first, it later turned out, of many.[4] The drafters were Francisco Campos, the durable jurist who had authored the authoritarian Constitution of 1937, and Carlos Medeiros da Silva, a highly conservative lawyer. The Act made ambitious claims for the Revolution, which "distinguishes itself from all other armed movements by the fact that it represents not the interests and will of a group, but the interests and will of a nation." No less important, the "victorious revolution legitimizes itself." The Congress, they announced, received its legitimacy "from the Institutional Act," and not vice versa. The Act included such major provisions to break the political deadlock as these:

(1) The President could now submit constitutional amendments to the Congress, which would have only 30 days to consider the proposals, and need only approve them by a majority vote (rather than the two-thirds vote required in the existing 1946 Constitution).
(2) The President was given exclusive power to propose expenditure bills to Congress, which could not increase any spending item.
(3) The President was given the power to declare a state of siege for up to 30 days, or to prolong such a state of siege once declared for a maximum period of 30 days (with the requirement of a report to the Congress within 48 hours).
(4) The President, "in the interests of peace and national honor," was given sweeping powers to suspend for 10 years the political rights of any citizen and to cancel the mandates of federal, state, and municipal legislators.
(5) Suspension of job security in the civil service for six months.

These expanded powers for the Executive were needed, according to the Act, to carry out "the economic, financial, political, and moral reconstruction of Brazil." The objective was "the restoration of internal order and the international prestige of our country." The new powers were needed because the existing constitutional powers had not been enough to stop a government that "was deliberately attempting to Bolshevize the country."

This Institutional Act was not a total surprise. It was only the latest in a series of responses to a crisis of political authority evident in Brazil since the mid-1950s. President Jânio Quadros, for example, had complained that he lacked sufficient powers to deal with Congress He cited the irresponsibility of the "politicians" as the reason for his abrupt departure after only six months in office in 1961. Goulart, who had repeated the complaint of insufficient presidential power, had even proposed a state of siege in October of 1963, and in early 1964 had made specific proposals for strengthening the hand of the Executive. The Supreme Revolutionary Command of 1964 had taken a new tack, however. It did not attempt to work through the rules of democratic politics as its predecessors had done. It unilaterally changed the rules.

The most immediate impact was on the presidency itself. By voiding the

1946 Constitution's clause making military officers ineligible for elective office, and by requiring that an election for president and vice president be held within two days of its publication (rather than the 23 days that remained under the constitutional provision of 30 days), it made inevitable the election of the consensus candidate of the military and the anti-Goulart governors. That candidate was General Castelo Branco, the coordinator of the anti-Goulart military conspiracy and the overwhelming choice of both military and civilian revolutionaries. On April 11 the Congress duly elected Castelo Branco by 361 votes against 72 abstentions and 5 votes split for other conservative military heroes.

The New Government: A UDN–Military Alliance

Castelo Branco was an interesting product of both Brazilian and foreign influences.[5] He was born the son of an army officer in the Northeastern state of Ceará. The family moved often, as the father rotated among posts. They were in Rio Grande do Sul when the son entered the Pôrto Alegre military academy. Subsequently Castelo followed a military career in the infantry, progressing up through the most important training school. He later took the two-year course at France's Ecole Supérieure de Guerre and the staff and general command course at Fort Leavenworth in the United States. He gained combat experience in the Brazilian Expeditionary Force that fought alongside the U.S. Fifth Army in Italy in 1944–45. Castelo had thus had extensive first-hand experience with the two foreign countries that most deeply influenced twentieth-century Brazil: France and the U.S.[6]

Castelo was known as a cautious and introspective officer. He was short, bull-necked, and accustomed to derogatory comments on his appearance (his future father-in-law had demanded Castelo undergo a physical exam before he would approve the marriage). He had always preferred reading and study to feats of physical endurance. A quiet and reflective man, Castelo was determined to return dignity to the presidency.

Castelo was also the acknowledged leader of the "Sorbonne" group—officers closely associated with the *Escola Superior de Guerra* (Higher War College), a military-sponsored institute whose one-year course attracted equal numbers of the military and civilian elite. Other Sorbonne officers included Generals Golbery do Couto e Silva, Cordeiro de Farias, Ernesto Geisel, and Jurandir da Bizarria. This group, more moderate than the hard line, was for free enterprise (though also seeing the need for a strong government), anticommunist in foreign policy, preferring technical solutions and committed to democracy but believing that in the short run arbitrary government was necessary. These Sorbonne officers had been molded into a self-aware group by their common experiences in FEB (*Fôrça Expedicionária Brasileira,* or Brazilian Expeditionary Force), which fought alongside the U.S. Fifth Army in Italy in 1944–45; in the *Escola Superior da Guerra* (either as students but especially as faculty); and in attending military schools abroad, especially in the U.S. This Sorbonne

group was later to be known as the *castelistas* and would play a key role in subsequent military governments.[7]

As vice-president the Congress elected Minas Gerais's PSD leader José Maria Alkmin, whose party had been promised the vice presidency in negotiations earlier that month between representatives of Castelo Branco and former President Kubitschek, the titular head of the PSD. Many in the UDN were furious at that deal, which smacked of a compromise with the "old, corrupt politics." They were upset because it benefitted the PSD, a bitter rival which they thought the Revolution should have eliminated from any role in the new government. They remembered too well the 1954 crisis, when President Vargas's suicide threw them off balance and helped prevent them from taking full political control.[8] But the UDN now had reason to be pleased with their spoils in the Congress. Daniel Krieger, a veteran UDN politician-lawyer from Rio Grande do Sul, assumed the Senate presidency, while Bilac Pinto, a UDN firebrand in the anti-Goulart mobilization, became president of the Chamber of Deputies.

The new cabinet consisted in part of Costa e Silva's picks immediately after the coup and Castelo Branco's choices during the following week.[9] They were a combination of political conservatives and technocrats. The navy and air force ministers, only in power since April 2, left the cabinet. Rademaker, known for his strongly right-wing views, was replaced by Admiral Ernesto de Melo Batista, and Correia de Melo was replaced by Brigadier Lavanère-Wanderley. Because the army exercised the overwhelming political weight, the role of the navy and air force ministers was relatively minor.

Among the more prominent members of Castelo's cabinet were Senator Milton Campos (Minas Gerais), a distinguished constitutional lawyer and twice unsuccessful UDN candidate for vice president, now Minister of Justice; Marshal Juarez Távora, an unsuccessful UDN candidate for president in 1955, now Minister of Transportation and Public Works; Flávio Suplicy de Lacerda, Rector of the University of Paraná and an outspoken UDN partisan, now Minister of Education; Raimundo de Brito, also of the UDN, now Minister of Health; career diplomat (but known to be sympathetic to the Revolution) Vasco Leitão da Cunha, now Minister of Foreign Relations; PSD Congressman Daniel Faraco (Rio Grande do Sul), now Minister of Commerce and Industry. Another prominent UDN political figure, Luiz Viana Filho (Bahia), was named head of the Civilian Presidential Staff (*chefe da casa civil*) with ministerial status. Viana's counterpart as head of Military Presidential Staff (*chefe da casa militar*) was General Ernesto Geisel, a notably self-confident officer and key anti-Goulart conspirator.

The all-important Finance Ministry went to Economics Professor Octávio Gouveia Bulhões of the Getúlio Vargas Foundation, a leading government-financed teaching and research center in economics. A respected monetarist, he was outspoken on the need to reorganize the entire financial structure and to "sanitize" Brazil's public finances. Despite the strength of

his views, Bulhões was a professional figure, little given to partisan rhetoric or bureaucratic intrigue.[10]

The other key economic position, Planning and Economic Coordination, went to Roberto de Oliveira Campos, a more colorful and controversial figure. Campos was an economist who had chosen a career in Brazil's prestigious diplomatic corps. By the 1950s he was a rising technocrat who served on the U.S.–Brazil Joint Economic Commission (1951–53), which drew up investment priorities for Brazil. In the later 1950s he was Director of the National Development Bank (BNDE, or *Banco Nacional do Desenvilvimento*) and then a key figure in President Juscelino Kubitschek's aborted economic stabilization program of 1958–59. In order to gain IMF approval—crucial to the foreign debt renegotiation then underway—the Kubitschek government would have had to adopt very restrictive wage, credit, and fiscal policies. That prospect provoked a wave of nationalist opposition. During the political battles over the government's highly unpopular anti-inflation measures, Campos revealed a penchant for rough and tumble debate. He especially liked to ridicule the nationalist attacks on foreign capital. The nationalists returned the compliment by branding him "Bobby Fields," an unsubtle play on his name.[11]

The new cabinet had several interesting features. First, it was heavily UDN. Second, outside the service ministries and the head of the military presidential staff (which had always been occupied by an officer) it contained only one military officer with recent active service: General Cordeiro de Farias, now heading a new Ministry for the Coordination of Regional Agencies.[12] Did the victorious consider their goal accomplished? Or did they plan to exercise influence through extraministerial channels? And what would be the role of such organizations as IPES (*Instituto de Pesquisas e Estudos Sociais*), the well-financed research and action group that had since 1961 brought together key military and moderate-to-conservative politicians, professionals (especially economists) and businessmen? They had created a "shadow government," with plans of action in such fields as educational reform, foreign investment and labor. IPES and IBAD (*Instituto Brasileiro de Ação Democrática*) had contributed significantly to mobilizing the opposition to the Goulart government. Would IPES ideas and blueprints now take over the Castelo Branco government?[13]

The Purges and the Torture

The military plotters against Goulart had expected to meet armed resistance. They assumed that loyalist officers would defend the President and his government, perhaps plunging Brazil into a civil war. They therefore wanted to strike before the loyalists could mobilize.

To virtually everyone's surprise, the loyalist resistance never materialized. The rebels were "pushing on an open door," in the classic Brazilian phrase. But it was not only armed opponents the rebels were after. They also wanted to seize those "subversive" leaders allegedly leading Brazil to

communism. Thousands were arrested across Brazil in "Operation Clean-Up" (*Operação Limpeza*). Targets included the Catholic Church organizations MEB (*Movimento de Educação de Base,* or Basic Education Movement), JUC (*Juventude Universitária Catholica,* or Catholic University Youth), and others whose organizing or charitable activities aroused the suspicion of military intelligence or DOPS, the political police. Hit also were political parties on the left, such as the Moscow-line Communist Party (*Partido Comunista Brasileiro,* or PCB), the Maoist Communist Party (*Partido Comunista do Brasil,* or PC do B) and the Trotskyists, such as the ORM-POLOP (*Organização Revolucionária Marxista–Política Operária,* or the Revolutionary Marxist Organization/Workers' Politics). Other targets were military officers and enlisted men whom the rebels' intelligence had branded as pro-leftist. And there were the labor organizers, both urban and rural.[14]

The Northeast saw especially sharp repression. That was hardly surprising, for the area harbored so many leaders deemed dangerous, such as Pernambuco Governor Miguel Arraes, SUDENE Superintendent Celso Furtado, literacy specialist Paulo Freire, peasant league lawyer Francisco Julião, and long-time Communist Party activist Gregorio Bezerra. Indeed, coastal Pernambuco had long been home to one of the strongest centers of Communist Party activity in Brazil, although it was modest in absolute numbers.

The Fourth Army G-2 (intelligence) had been closely watching peasant league organizers and left-wing political activists. The military arrested hundreds in the Northeast and brought many to Recife, Fourth Army headquarters. Some were picked out for tortures, such as the "telephone" (slapping open palms against the victim's ears, often bursting the eardrums), the "parrot's perch" (the victim suspended by the bound ankles and wrists from a pole supported by wooden stands at either end, and subjected to beatings or electric shocks), and the "Chinese bath" (plunging the victim's head into a vat of sewer water or oil until virtually suffocated).

The torturers believed their prisoners held vital secrets, such as the names of their Russian contacts or of the Brazilian military officers to be liquidated. The ill-fated prisoners were therefore divided into two groups: those who had confessed and those who needed more "interrogation."

Word of these tortures soon reached Rio, where the *Correio da Manhã,* once an enthusiastic coup supporter, printed detailed accounts. Márcio Moreira Alves, an enterprising young *Correio* reporter, went to the Northeast to cover the story. He reported that 39 prisoners had been tortured, with at least ten officers directly involved. Alves described the tortures as well as giving accounts by medical personnel who treated the victims. Veteran police reporters noted that many of these tortures were of the kind long used on ordinary criminal suspects. Now, however, the victims were political suspects.

Violence against political detainees was not limited to the Northeast. Rio had two centers of torture. The first was CENIMAR (*Centro de Informações*

da Marinha, or Naval Intelligence). The other was the DOPS (the political police of the state of Guanabara). CENIMAR tapered off its torturing soon after the coup, but the DOPS continued. The latter, an arm of volatile anticommunist Governor Carlos Lacerda's state government, had been primed to go after the left. Lacerda's police were delighted to round up union, church, and student organizers. There was torture scattered elsewhere in Brazil, although the published record is highly incomplete. The state of Goiás, for example, saw violence toward political prisoners as the military and UDN politicians moved in to depose incumbent PSD Governor Mauro Borges.

What were the overall dimensions of this repression? Much, probably most, occurred in the ten days between Goulart's overthrow and Castelo Branco's election, although torture in the Northeast continued into June. The number arrested in the coup's aftermath can only be estimated, since there was no official tally; it probably totalled between 10,000 and 50,000. Many were released within days and most within weeks. Those subjected to prolonged torture (more than a day or two) were probably several hundred. Apologists for the repression argued that any excesses paled in comparison with what the left would have perpetrated had it won power. Yet the fact remained that duly authorized police and military officers had resorted to torture.[15]

In politics the new government planned to rely not on torture but on the power to revoke legislative mandates and suspend political rights. That power (granted under Article X of the Institutional Act) was to expire on June 15, 1964, giving the Castelo Branco government two months to complete the purge.

The hard-line military had a list of some 5,000 "enemies" whose political rights they intended to suspend. A witch-hunt atmosphere engulfed government offices as ideology mixed with personal vendettas. The accused had no right of self-defense, nor were any charges ever published.[16] The new government argued (off the record) that, being revolutionary, it could set its own rules in punishing the subversive and the corrupt. Accountability was not one of the rules.

Some military wanted to extend the June 15 expiration date of the article (Article 10) authorizing suspension of political rights and cancelling mandates until November 9, so it would coincide with the cutoff date for the civil service purges. Indeed, Marshal Taurino de Rezende, who headed the general investigating commission, publicly asked Castelo Branco to extend the life of Article 10. The "moderates" won out, however, and the article lapsed on June 15, as scheduled.

The purge proved narrower than many had feared.[17] The revolutionary government had, over the 60 days, suspended the political rights and/or revoked the electoral mandates of 441 Brazilians. They included three former presidents; six state governors; fifty-five members of the federal Congress; and assorted diplomats, labor leaders, military officers, intellectuals, and public officials.

The list of purged politicians held few surprises. Goulart's place on it was a foregone conclusion. So was that of Jânio Quadros, who had triggered Brazil's current political crisis with his unusual resignation in August 1961. The list of 45 Congressmen hit hard the Nationalist Parliamentary Front (*Frente Nacionalista Parlamentar,* or FNP), a leftist coalition working to shift Brazil from its traditional pro-U.S. stance toward more nationalist economic and political policies. The best represented party in the FNP was the PTB, with such Congressmen (now purged) as Leonel Brizola, Sergio Magalhães, and Rubens Paiva.[18]

Another presidential name on the list, however, was a surprise: former President Juscelino Kubitschek. Castelo Branco had been reluctant to include Kubitschek, now a senator from Goiás. Not the least of Castelo Branco's reasons was Kubitschek's position as titular PSD leader, whose help Castelo would need in Congress. Kubitschek was also a frontrunner for the 1965 presidential election, having campaigned for a new term (election to a second successive term was prohibited) from the moment he left the presidency in 1961. He was undeniably a formidable candidate for an election now less than 19 months away. His extensive political network, sustained through the PSD (which had furnished Castelo's vice president), was aided by his image as the dynamic leader who had created the auto industry and built Brasília.

The American embassy, an enthusiastic backer of the Revolution, was now warning Castelo Branco and key military that purging Kubitschek would be taken badly by U.S. and European public opinion. Kubitschek, they explained, was seen favorably both for his record of economic development and his commitment to the democratic process.[19]

Kubitschek knew his enemies were closing in on him.[20] The hard-line military had long had him on their lists. They bombarded Castelo via War Minister Costa e Silva, accusing Kubitschek of corruption and collaboration with subversives. These charges were a stock-in-trade among UDN politicians, such as presidential aspirant Carlos Lacerda, who wanted to drive Kubitschek from the field.

Most of Kubitschek's political advisers urged him to keep a low profile, thereby minimizing possible pretexts for purging him. As the hard-line pressure mounted in early June, Kubitschek even offered to renounce his presidential candidacy. It was too late. Hard-line military pressure overwhelmed any recalcitrance in the Planalto. On June 6 Castelo signed the decree suspending for ten years Kubitschek's political rights and those of 39 other, mostly minor, figures.[21]

Kubitschek's cassation marked a watershed. Unlike Quadros or Goulart, Kubitschek had shown that he could weave conflicting interests and competing aspirations into an effective government. His 1956–61 presidency had been the last triumph of old-style politics. The hard-line military wanted to pronounce those politics a thing of the past. Turning Kubitschek into a political non-person certainly sent that message.[22]

The political purge was not restricted to civilians; an equally important one hit the military. Between April 1 and June 15, some 122 officers were forced to retire (though with full pension). Many of the targeted officers had opposed the coup, while others were known to regard the new government as constitutionally illegitimate. Still others were regarded as so far left politically, or so identified with Goulart, that they could not be trusted. Such a military purge was of course nothing new in Brazil—earlier upheavals such as the Revolution of 1930 and the Communist revolt of 1935 were followed by similar forced retirements.[23]

Supporters and Critics

The Revolution of 1964 was enthusiastically celebrated by most of the Brazilian media. Such key dailies as *Jornal do Brasil, Correio de Manhã, O Globo, Folha de São Paulo,* and *O Estado de São Paulo* had openly called for the Goulart government's removal. So had the magazine, newspaper, and radio-TV empire of "Diários Associados." The only major paper to oppose the coup was *Ultima Hora,* whose director and founder, Samuel Wainer, had to flee.[24]

The lawyers had been another oppositionist force. The Bar Association's Federal Council, for example, hailed Goulart's overthrow.[25] This stance was risky, given the irregularity of the transition from Goulart to Mazzilli. Still, in early 1964 the leaders of the bar were so alarmed about the threat to constitutionalism from the left that they were ready to overlook the legal defects in the succession.

The Church hierarchy was another source of elite opinion supporting the military intervention. In a May 26 manifesto a group of key bishops welcomed the coup, noting "the armed forces came to the rescue in time to avoid the implementation of a Bolshevik regime in our country." Although the statement defended progressive lay activists from the charge of being communist, the statement's net effect was to reinforce middle-class fears that the battle over the Goulart government was a battle for their future. On the other hand, the hierarchy's stand bewildered and deeply angered younger Catholics who were active in such groups as *Ação Católica Brasileira* (Brazilian Catholic Action) and *Ação Popular* (Popular Action). The arrest and mistreatment of many of them led some in the hierarchy to rethink their support of the coup.[26]

As for the politicians, the coup of 1964 caught most by surprise. The prominent civilians involved in the conspiracy lost little time, however, in trying to use the military intervention for their own purposes. Virtually the entire UDN and half the PSD quickly endorsed the Revolution, adding their denunciations of the Goulart regime.

A military-led movement had forced the legal President into exile and installed a government that could never have reached power via the ballot box. How far would this reversion to arbitrary power go? Everyone knew

the hard-line military were looking for an excuse to silence more politicians. Much of the PTB and the left wing of the PSD, nonetheless, zeroed in on the dubious legality of Goulart's removal, and denounced the cassations of such distinguished figures as the nutritionist and public health specialist Josué de Castro, the economist Celso Furtado, and the educational reformer Anísio Teixeira. It was "cultural terrorism," charged a new magazine on the left, *Revista Civilização Brasileira,* which published a 60-page inventory of the arrest, harassment, and intimidation of leading figures in the arts, science, and education.[27]

The attack on the government was led by publisher Ênio Silveira, novelist and political commentator Carlos Heitor Cony, Austrian-born literary critic Otto Maria Carpeaux, and journalist Márcio Moreira Alves. The latter three appeared in *Correio da Manhã,* a Rio daily that had strongly endorsed Goulart's overthrow but was now disillusioned with its new military rulers.[28] Another noted critic was Alceu Amoroso Lima, a long-time lay Catholic leader. He saw Brazil now swinging to the right and warned in April 1964 that "the far right is just as antidemocratic as the far left. . . ." A month later he had an even more ominous warning: "until today I have never feared communism in Brazil. Now I'm beginning to fear it."[29]

Other opponents on the left likened Brazil's "Revolution" to a Central American *pronunciamiento*—a serious charge for Brazilian officers who fancied themselves a cut above their Spanish-American counterparts. The left dismissed the military as nothing more than agents of imperialism and of the wealthy and privileged at home, desperately acting to prevent Brazil from undertaking fundamental social change.[30]

The U.S. government was another enthusiastic supporter of the coup. President Lyndon Johnson, under prodding from Ambassador Lincoln Gordon in Rio, had sent a congratulatory message to Ranieri Mazzilli only hours after he took the oath as Acting President. Johnson was pleased the Brazilians were resolving their difficulties "within a framework of constitutional democracy," which was not, of course, entirely accurate. Johnson also anticipated "intensified cooperation in the interests of economic progress and social justice for all."[31]

Further U.S. support for the coup came rapidly. In early April Adolf Berle, former U.S. Ambassador to Brazil and a father of the Alliance for Progress, declared that Goulart had been leading Brazil toward the ranks of Communist Cuba and thus had to be removed. Berle was an authentic voice of the liberal establishment that had urged the carrot and the stick in Latin America—the carrot for the U.S.-endorsed reformers and the stick for revolutionaries threatening radical change. He was joined in early May by Ambassador Gordon, who described Brazil's 1964 Revolution as an event that "can indeed be included along with the Marshall Plan proposal, the Berlin Blockade, the defeat of Communist aggression in Korea, and the resolution of the missile crisis in Cuba as one of the major turning points in world history in the middle of the twentieth century.[32]

But the Embassy was already nervous over the witch hunt under way.

Ambassador Gordon admonished the Brazilians to distinguish between subversion and political dissent while also reiterating that a communist coup was likely if Goulart had remained in office. The effect was to express U.S. nervousness and therefore put distance between the U.S. government and possible revolutionary excesses.[33]

During his initial months as President, Castelo Branco attempted to dissociate his regime from the extreme right-wing revolutionaries. "We shall move forward with the certainty that the cure for the ills of extreme leftism is not to be found in the creation of a reactionary right but in the reforms which have become necessary," Castelo announced in his inaugural address.[34] But the government's heavy emphasis on anticommunism, coupled with the cassation of a figure so widely popular as Kubitschek, showed that the influence of the hard line was great.

It was also true that the new government's economic and political program, which included both anti-inflation and reform measures, was certain to provoke strong opposition. Were the extremists posed to demand resumption of emergency powers if the new government's monopoly of power were threatened? And, if so, what kind of regime would they produce? And would the U.S. government then be identified with a highly unpopular regime?

Economic Stabilization: A Quasi-Orthodox Approach

Having consolidated the takeover and centralized authority in the executive, Castelo Branco and his fellow revolutionaries turned to Brazil's economic ills.[35] Because they frequently argued they needed arbitrary powers to be able to carry out an effective economic policy, the latter bears detailed examination. By any calculation the Brazilian economy was in deep trouble by early 1964. The Goulart government, refused further credit abroad, was headed for unilateral default on its $3 billion foreign debt. Foreign suppliers, such as the international oil companies, were no longer honoring Brazil's credit. Sales were for (hard currency) cash only, and that was just about gone. Inflation had hit an annual rate of 100 percent. The endless patchwork of government subsidies and controls was distorting resource allocation throughout the economy. Businessmen, bankers, and even ordinary Brazilians found the scene so chaotic that they were postponing all but the most immediate economic decisions.

The new government's economic team, led by Roberto Campos and Octávio Gouveia de Bulhões, seemed well suited for their politically thankless task. Both Campos and Bulhões enjoyed wide contacts in the business and financial community, and both had highly relevant previous experience as key officials in the controversial stabilization program that former President Kubitschek had adopted in 1958 and then jettisoned in 1959. The new government's economic diagnosis was contained in a 240-page "Government Economic Action Program: 1964–1966," (*Programa de Ação Econômica do Govêrno,* or PAEG),[36] written by Campos and

Bulhões. Like many other economic diagnoses of Brazil in the early 1960s, it identified accelerating inflation as the prime obstacle to healthy economic development. The authors argued that the inflation was caused primarily by excess demand, which, in turn, had three sources: public sector deficits, excessive credit to the private sector, and excessive wage increases. When the money supply was increased to meet the demand, it stimulated a "chronic and violent inflationary process." A host of economic distortions were the result: wild swings in real wage rates, disorganization of the credit market, distortion of the foreign exchange market, and an incentive to use capital to manipulate inventories or speculate in foreign currencies. The resulting chaos precluded the long-term investment Brazil so badly needed.

Faced with this anemic patient, Bulhões and Campos prescribed a "gradualist" approach—in contrast to the IMF-favored "shock treatment" of a freeze on all wages and prices. They proposed to concentrate on gradually reducing (therefore the label "quasi-orthodox") the public sector deficit, contracting private credit, and stabilizing wage rates. By these and other measures, the government planned, on good monetarist principles, to reduce the growth rate of the means of payment in the economy (which had been 64 percent in 1963 and was to reach 86 percent in 1964) to 30 percent in 1965 and 15 percent in 1966. Assuming a constant velocity of circulation of money, that would reduce the annual inflation rate from 100 percent in early 1964 to 25 percent in 1965 and 10 percent in 1966.[37]

The government thought the deficit most needed immediate action. In 1963 the federal government's deficit had been 4.2 percent of GDP.[38] Such a deficit, if not reduced through fiscal measures or compensated for by an absorption of private savings, was inevitably inflationary. The new policy makers proposed to cut the public sector deficit by slashing all "nonessential" expenditures, running the state enterprises in the black, and increasing tax revenues.

Formulating policies was only a first step. Putting them into action would be far harder. No perceptive observer could have failed to note that Brazil in the early 1960s lacked the administrative capacity to implement complex economic policies. The ad hoc governing style of the 1950s was more suited to a time of easy economic expansion than to an era of economic trouble. No government taking power in early 1964, whether of the right or left, could have avoided the need for institutional overhaul.[39]

A major institutional gap was the lack of a true central bank. The *Banco do Brasil,* long the lender of last resort to the public sector, was also the principal commercial bank. There was, in addition, the Commission on Currency and Credit (*Superintendência da Moeda e do Crédito,* or SUMOC), which had been created in 1947 as the agency to coordinate monetary policy. But it had not escaped the Banco do Brasil's control and therefore failed to develop into a central bank. The new government was not able to create such a bank until April 1965, when it

converted SUMOC into the *Banco Central do Brasil,* and it took several years for this new institution to function effectively. Yet the Campos-Bulhões team did swiftly establish a National Monetary Council which after mid-1964 acted as the forecaster and coordinator of the fiscal and monetary accounts.[40]

Reorganization of fiscal policy instruments was done more rapidly, partly with the help of the first Institutional Act, which gave the President exclusive authority to initiate spending bills. Castelo Branco delegated this authority to Roberto Campos's Planning Ministry. The new government then pushed through a law that prohibited state governments from offering new bond issues without federal permission. This was a major step in getting control of public sector finance, because state governments in the past had on their own issued bonds to cover budget deficits.

The Campos-Bulhões team immediately used its authority in managing public enterprises. The PAEG diagnosis correctly assumed that inflation had been fed by federal government deficits. Failure both to increase prices and to control expenditure in the public enterprises had resulted in large deficits financed by monetary issues. The Castelo Branco government moved quickly to end the huge deficits in the state-owned railroad, shipping, and oil industries. In every case it meant increasing the price of services, a step that directly increased the cost of living in the short run. But covering costs meant that long-deferred investment could be made in these public enterprises, thus increasing productivity and thereby lowering costs for the future. The government also boosted the cruzeiro price of key imports, such as oil and wheat, by using a realistic exchange rate instead of the previous artifically low exchange rate. The latter had been used by the Goulart government (and others before it) as a means of keeping down the cost of bus fares (highly dependent on imported oil) and white bread (made from imported wheat). Many of the Castelo Branco government's "corrective" price hikes increased inflation in the short run. Policymakers described them, however, as one-time adjustments needed to eliminate previous (inflationary) subsidies whose effects had simply been repressed under previous policies. Yet these price increases were intensely unpopular. The general public was riled over higher prices for bus fares, train fares, electricity, and bread. Could any elected government have carried out such measures and survived? The odds were low.[41]

The new government also attacked the other side of fiscal policy: taxes. Brazil, like most developing countries, was notoriously inefficient at tax collection except for sales and turnover taxes. Part of the inefficiency was due to the hideously complex tax structure, fragmented among federal, state, and local government authority. Bulhões and Campos attempted to simplify the system. The inefficiency was also due to lack of enforcement and to the incentive to delay tax payments because they were not adjusted for inflation. The gains from inflation-induced depreciation of a taxpayer's liability far outweighed the penalties for late payment.

The new government attacked the problem in two ways. First, it cracked