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8 April 1966

COMMUNIST EXPLOITATION OF NATIONALISM IN BRAZIL

By

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in Brazil

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SUMMARY

The conflict between the western democratic and the Communist power centers is occurring presently in every facet of interstate contact and in virtually every populated area of the world. Although the United States' awareness of the Communist effort in these so-called "developing" areas is increasing, Soviet activities in these areas have actually been underway and growing for several decades. Within the past few years Communist China has proclaimed and demonstrated an interest in these same areas.

That the United States considers the political independence and economic viability of emerging states vital to our own national interests is shown by the extensive aid and assistance we are providing them. The vast area extending from Mexico and the Caribbean to Tierra del Fuego, euphemistically called Latin America, is one such emerging area. Its proximity to the United States and the closeness of our political and economic relations there make this the emerging area most vital to our interests and security.

This paper examines the largest and potentially the most powerful of the Latin states, Brazil. In the view of the author this state is the key to successful United States policy in all Latin America and therefore a prime Communist objective in the hemisphere. The paper further focuses on one of the most effective tools employed by Communists in advancing their aims in Brazil -- nationalism. Capitalizing on the swell of spontaneous nationalistic feelings among Brazilians, the Communists have fostered and supported certain chauvinistic propaganda themes which have been made synonymous with "Nacionalismo." These themes have in turn been assimilated by non-Communist groups and politicians pursuing popular support, and the themes have had considerable influence on the formation of major national policies. Certain of the policies adopted have served to prejudice the national interests of Brazil. The paper concludes by pointing out the political and economic implications for the United States of a continued or renewed chauvinistic trend in Brazil. Finally the author suggests a general orientation for American policy toward Brazil which will deny the use of the tool of nationalism to the Communists and will in fact exploit this natural sentiment for the mutual benefit of both the United States and Brazil.

FOREWARD

During Christmas week of 1946, Luis Carlos Prestes, newly elected Federal Senator and longtime Communist party leader, held a rally (Comício) in the streets of Belo Horizonte, state of Minas Gerais, Brazil. The author of this paper was one of the approximately 10,000 spectators gathered out of curiosity or admiration for the speaker. Knowing Prestes as a famous Communist, I expected a tirade against the evils of capitalism and a proposal of immediate revolution of the proletariat.

Prestes' talk, however, was almost entirely patriotic in nature, alluding to the greatness of Brazil, its destiny, and of the people's part in achieving that destiny. His words drew emotional response from the crowd and prolonged cheers at his closing phrases: "We are all Brazilians!" (Sômos todos Brasileiros), "Long live Brazil!" (Viva o Brasil).

Since the early postwar years, the author has observed a gradual drift to the LEFT by Brazil, zig-zagging and reversing at times, but nevertheless leftward and away from close cooperation with the United States. Undoubtedly a number of factors have contributed to this movement. This paper will deal with only one of the factors--the Communists' manipulation and exploitation of the spirit of nationalism in order to create or expedite this very leftward drift.

The author's contact with Brazil has been close during these years: language student at the University of Brazil, 1946-47;

instructor of (Brazilian) Portuguese at the U.S. Military Academy, 1947-50; and member of the Joint Brazil - U.S. Military Commission in Brazil, 1955-58. In the intervals, contact has been maintained by daily receipt of the Boletim Informativo, published by the Brazilian Embassy in Washington.

Much of the reference used in this work is taken directly from the original source in which it was published, primarily Brazilian periodicals of varying political leanings. The author employs a large number of direct quotations and translations to maintain the original tone and wording as nearly as possible. Further, the quotations are necessary, as the very fact of their being published is critical to the purpose of this thesis.

The reader will note that the quotations deal primarily with the time periods 1952-1955 and 1961-1963. Attention is focused on these periods as in the author's view they were periods of unusual political activity and of intensified nationalist feelings in Brazil.

CHAPTER 1

INTRODUCTION: FROM ISOLATION INTO WORLD ARENA

Brazil's position in international politics has been in several ways unique in Latin America. In the nineteenth century, it remained relatively isolated from the rest of Latin America. This isolation was due to geographical obstacles to easy communication with neighboring states and to its unique Portuguese origin. Culturally its ties were with Portugal and France while economic ties were with Britain.¹

In the nineteenth century, Brazil's international policy was one of territorial consolidation. With the exception of three armed conflicts in the south involving Argentina and Paraguay, arbitration and negotiation were traditional Brazilian tools for border settlements.

Moving away from isolationism in the first decades of this century under the leadership of a remarkable foreign-minister, Rio Branco, Brazil arbitrated most outstanding disputes, increased ties with its Hispanic neighbors and came increasingly to follow United States' international leadership. Brazil recognized the advantage of cooperation with the United States and strongly supported the Monroe Doctrine, to the point of being declared joint-guardian of the doctrine by Theodore Roosevelt.²

¹US Dept of the Army, Department of the Army Pamphlet No. 550-20, p. 380.

²Ibid., pp. 380-381.

In World War I, Brazil was the only South American state to declare war on Germany. By the end of the war, American economic influence replaced British. Brazil participated actively in the League of Nations, and in the absence of the United States unsuccessfully sought the role of American hemispheric League leadership. Its isolationism was progressively replaced by a desire to be an active international participant.³

Brazil's present physical position in the hemisphere and world can be highlighted with a few general facts. Following the USSR, China, Canada and the United States, it is the fifth largest country in territory. Its 3.28 million square miles occupy half the area of South America, and its frontiers touch all other continental states except Chile and Ecuador. At the present rate of increase, Brazil's population, now over 80 million, will approximate 200 million by the end of this century.⁴

Geographically, Brazil lies astride, and predominantly south of the equator, extending from tropical to temperate zones. The country divides into three general land regions: the central highlands, the Amazon valley and the coastal plain. The central highlands rise abruptly a few miles from the sea to a height of 1500-3000 feet throughout. Extending toward the west they contain half the territory and five-eighths of the population. The highlands

³Ibid., p. 381.

⁴US Joint Chiefs of Staff, Joint Intelligence Estimate for Planning, 1 July 1966 through 30 June 1975 (U), Vol. II, Latin America, Brazil, p. 1 (referred to hereafter as JCS Estimate).
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contain the great majority of the arable land and are temperate in climate. The northeast corner of the highlands is an area of peculiar characteristics, drought-ridden, scrub-covered, and yielding a bare subsistence to its sparse population. The northern third of the country is formed by the Amazon valley, whose plain extends across the widest portion of Brazil into Peru. The Amazon Plain attains its maximum width of 800 miles near the western frontier, and from there gradually narrows toward the east. One-tenth of the plain is inundated flood plain; the nonflooded portions are generally infertile and almost entirely uncultivated. The coastal plain of the Atlantic littoral is the third region. It averages in width between 20 and 50 miles, and is discontinuous in places. It is subtropical, contains rich alluvial soil, and is heavily populated and cultivated throughout.⁵

The familiar eastern "bulge" of Brazil extends into the Atlantic to within 1700 miles of Africa. The strategic position of the bulge was recognized in World War II; the present intensity of East-West tensions and conflicts in Africa has again recalled the importance of this bridge from the west to the African continent. The coastline of Brazil, extending for over 4,000 miles and containing some of the world's finest harbors, occupies a controlling position over the South Atlantic. These geographic and strategic factors tend to draw Brazil today into increased interest and participation in international politics.⁶

⁵"Brazil," Encyclopedia Americana, Vol. 4, pp. 427-428.

⁶JCS Estimate, pp. 1-2.

CHAPTER 2

TRENDS IN MID-CENTURY BRAZIL

In political structure, Brazil is a federal republic, based upon a constitution that has evolved since 1888 until today it generally resembles the U.S. Constitution. The government, like ours, is made up of three branches: an executive with somewhat stronger powers than ours, a bicameral legislature, and a judiciary. Brazil, historically one of the most stable of the Latin American States, has generally abided by election results and has no history of assassinations.¹ Such deviations from legal processes as have occurred have generally been reform-type, bloodless coups, with powers held by a caretaker government pending normal elections. Regionalism, although diminishing in recent decades, continues to be a divisive political factor.²

Socially, Brazil justifiably considers herself a true "melting pot" formed from a blending of numerous racial groups. Three predominant strains, Portuguese, Amerindian and African, with large numbers of Germans, Italians, Poles and other Caucasians, together with Japanese, have gradually merged through considerable ethnic blending. At present the general geographic distribution of these mixtures is; along the eastern and northeastern littoral African

¹"Brazil," Encyclopedia Americana, Vol. 4, p. 444.

²Vernon A. Walters, Personal Interview, 13 Dec. 1965.

mixed with Caucasian; in the south Caucasian; and in the interior Caucasian and Amerindian.³

Ethnic prejudice among Brazilians is insignificant, but not entirely absent. The ruling classes are white or quasi-white with some African elements among them, generally accepted as equal.⁴

A more significant social class cleavage exists in education. In 1963, 50.5% of the total population was considered illiterate (analfabetos) by Brazilian standards, and only 27% had received education higher than the three years of primary schools. This illiteracy is most pronounced in the north and northeast.⁵

As stated in Chapter 1, Brazil has followed a policy of arbitration and avoidance of war in international affairs. Nevertheless, its military posture corresponds approximately to its physical stature in the continent. Its 220,000 man armed forces, the largest in Latin America, is considered capable of defense against conventional attack by its Latin neighbors but not against a major power with modern weapons.

The structure of these forces is strongly defensive. Due to their defensive missions and lack of mobility about 75% of available forces are stationed at critical points throughout the country, near important coastal and frontier cities and industrial areas.

³T. Lynn Smith, Brazil -- People and Institutions, pp. 51-52.

⁴"Brazil," Encyclopedia Americana, Vol. 4, pp. 425-426.

⁵United Nations, Economic and Social Council, Education in Latin America, 1964, p. 103.

Special emphasis is given to the "hump" of the northeast where 15% of forces are located.⁶

Because Brazil recognizes its own defenses are not completely adequate under all situations, it has been an active member of the Organization of American States and a participant in the Inter-American Defense System.⁷ During the period 1945-64, 27% of the economic and 31% of the military aid extended to twenty-seven Latin American countries or organizations by the United States has been to Brazil.⁸ A Joint Military-Defense Commission begun during World War II has been extended to the present. Bilateral mutual defense agreements exist between the two countries.⁹

Brazil has been, in the view of some historians, the United States' oldest, most dependable, and most active Latin American supporter in international affairs.¹⁰ In World War I, as mentioned, it was the only Latin state to declare war. Early in World War II, Brazil declared war on the Axis, and its Armed Forces made a considerable contribution to the war effort, including the mounting of a creditable 20,000-man expeditionary force to Italy. A special provision of the Brazilian Constitution permits the President in time of emergency to authorize a "friendly, allied power" to establish

⁶US Dept of the Army, Department of the Army Pamphlet No. 550-20, pp. 655-656 (referred to hereafter as DA Pamphlet 550-20).

⁷Ibid., p. 656.

⁸US Congress, House, House Document 285, US Defense Policies in 1964, p. 81.

⁹Ibid., pp. 182-183.

¹⁰Herminio Portell-Vilá, Professor of History of the Americas, University of Havana, Personal interview, 24 Nov. 1965.

non-Brazilian bases and transit troops through Brazilian soil, a privilege we exercised freely in World War II.¹¹

It is in the economic field that one finds the most important activity in Brazil at mid-century, and some of the most serious problems. From its first settlement in 1502, Brazil has depended economically almost exclusively upon agriculture. The economic history of the country has been characterized by a series of cycles of boom, with each cycle based upon the export of a single product for which Brazil was the world's chief source: sugar, 1550-1700; gold, 1700-1800; rubber, 1878-1912; and coffee. The cultivation of coffee, began about 1850, reached a peak in 1934, and is now declining. Each boom brought prosperity to the country or to a region, and each was followed by a sharp economic decline.¹²

Even today, with the most highly-developed industrial complex in South America, Brazil's economy is primarily agrarian. The country is largely self-sufficient in food, and is a major exporter of coffee, cocoa, cotton and sugar. Its livestock population is the third largest in the world. Wide room exists for further agricultural growth as only 4% of the land is cultivated and 20% is used as pasture.¹³

The current cycle in Brazilian economic development, however, is toward industrialization. The industrial census has grown from

¹¹US Dept of Commerce, Overseas Business Report 64-75, Jun. 1964, p. 10.

¹²"Brazil," Encyclopedia Americana, Vol. 4, pp. 432-433.

¹³US Dept of Commerce, Overseas Business Report 64-75, Jun. 1964, p. 10.

13,000 establishments in 1920 to 115,000 in 1956.¹⁴ Its industries produce a wide range of light manufactured goods, made mainly from indigenous raw materials and in sufficient quantity to generally satisfy local requirements. Heavy and specialized manufactures of machinery and equipment, however, continue to be imported. The high degree of industrial concentration in the Sao Paulo area prevents remote regions from feeling the full benefits of industrial progress. The state of Sao Paulo, in 1960, contained 40% of Brazil's industrial establishments, 45% of electric-generating capacity, 35% of the railway mileage, 25% of the production of steel and 50% of the textile industry.¹⁵

Possibly the greatest handicap to Brazil's economic life is its inadequate transportation system. High transportation costs result in high production costs, which make it difficult for Brazil's products to compete on the world market. There is not an integrated country-wide railroad system, and the existing mileage is concentrated in the south and south-central areas. The railroads, in five different guages, were oriented towards moving export materials to ports, and are consequently poorly connected. Road and truck transportation is increasing, again concentrated in the south. Truck or rail transport to the north and northeast is still almost nonexistent. Due to the inadequacies of land transportation, coastal shipping handles 45% of all interstate commerce. This general

¹⁴"Brazil," Encyclopedia Americana, Vol. 4, p. 435.

¹⁵Ibid., pp. 435-437.

transportation problem is the main reason 50% of Brazil's entire population is found within 60 miles of the Atlantic coast leaving the interior relatively underpopulated and unexploited.¹⁶

The full extent of Brazil's rich mineral deposits is still not determined, but they are known to be among the world's greatest. Its iron deposits are estimated at one-fourth of the total world reserves, some in deposits 50-65% pure. Large deposits of very high grade manganese are partially opened in several states. Other reserves, only barely located and tapped, are nickel, tungsten, zirconium, titanium, molybdenum and chromium.¹⁷

A major mineral shortcoming has been in the scarcity of located and exploited mineral power sources. Limited deposits of low grade coal are found in three southern states.¹⁸ Although oil and gas traces have given indications of possible oil deposits over wide areas of the Amazon and the Northeast, the only currently producing wells of significance are in the Bahia area, and these produce insufficient crude oil for domestic consumption. Verified crude reserves were estimated in 1963 as 800 million barrels.¹⁹

This power shortcoming is partially offset by an estimated hydroelectrical potential of 14.5 million kilowatts, fourth highest capacity in the world. At present, about 25% of this potential is being exploited. In 1959 Brazil had approximately 3.9 million

¹⁶Ibid., pp. 438-439.

¹⁷Ibid., pp. 432-433.

¹⁸DA Pamphlet 550-20, p. 25.

¹⁹Petroleum Press Service, May 1964, p. 195.

kilowatts of developed hydroelectric power concentrated in the south-central region.²⁰

In foreign trade, Brazil still finds itself among those countries which depend on the export of one or a very few commodities for the bulk of their foreign exchange income. Such a situation exposes Brazil to the uncertainties of weather and the size of crops, varying prices and market demands, and the emergence of competitors. Using 1957 as an average export year, coffee constituted 55% of total Brazilian exports. In the same year the leading American export, wheat, accounted for 5% of total United States exports. A slump in the world coffee market drastically reduces Brazil's available foreign exchange, with repercussions throughout the whole economic structure.²¹

Brazil has not yet achieved a consistently favorable export-import balance. During the eleven-year period, 1948 through 1958, a favorable balance was attained in only five of those years. Six years were unfavorable and the overall net for the period was -283 million dollars. Machinery, oil, and wheat are the principal import requirements.²²

An inflation pattern, beginning slowly in 1949, abruptly swinging upward in 1952, has continued up to the present. The value of the cruzeiro has declined steadily, while the cost of

²⁰"Brazil," Encyclopedia Americana, Vol. 4, p. 432.

²¹US Congress, Senate, US-Latin American Relations, Commodity Problems in Latin America, pp. 92-93.

²²Ibid., p. 674.

living has climbed correspondingly. Using 1952 as the base year with the cost of living assumed at 100 units, the rise through January 1963, was 14.5 times--the cost of living then reaching 1,454 units.²³

Per capita domestic income in 1960 averaged throughout Brazil approximately \$255. However, variations within regions are great, ranging from \$370 in the south to \$125 in the northeast. Within each region the rural segment of the population lags well behind the urban segment. The number of persons who are living above a subsistence level is increasing with the growth in urbanization and the economic development of the country.²⁴

These paragraphs have provided a background summary of the trends underway in mid-century Brazil, during the period since World War II through the present decade. Some of these trends are unplanned or accidental, and many are externally influenced. Most are reflections of direct governmental programs. A specific listing of firm Brazilian national goals or programs covering the entire period is probably nonexistent. The changes in administrations and their programs have been numerous. However, based on close observation of the Brazilian scene during the period, the author will present an estimate of goals in three areas that represent at least a mean or average direction followed by Brazilian governmental policies through the various administrations.

²³United Nations, Economic Commission for Latin America, Economic Bulletin for Latin America, Vol. IX, No. 2, Dec. 1964, pp. 172, 202.

²⁴US Dept of Commerce, Overseas Business Report 64-75, p. 5.

POLITICAL GOALS:

Maintain a legal, constitutional, republican government.

Gain recognition as a major hemispheric power.

Increase participation and influence in world political affairs.

Insure national security by coordinated defense action with the United States and the Organization of American States.

SOCIAL GOALS:

Improve the standard of living of population.

Adjust regional inequalities.

Increase rural and urban literacy rates.

Populate the interior regions of country.

ECONOMIC GOALS:

Control or limit inflation.

Accelerate industrialization with emphasis on import substitution and development of basic industries.

Extend and improve the national transportation systems.

Exploit mineral and hydroelectric resources.

Expand agricultural production by increased land cultivation and the use of more efficient farming techniques.

Expand and diversify foreign exports.

Achieve a favorable balance of payments.

CHAPTER 3

COMMUNIST ACTIVITIES IN BRAZIL

The early Communist movement in Brazil prior to 1930 was fragmented, clique-ridden, and disorganized. The history of an effective party, the Communist Party of Brazil (Partido Comunista Brasileiro, PCB) is the history of its leader, Luis Carlos Prestes. He commands a personal respect and admiration among the Brazilian people that is unrelated to his Communist affiliations. This personal appeal has undoubtedly enhanced his effectiveness as a political leader and has assisted the purposes of the Communist movement.

So vital to the Communist cause is Prestes, the man, that a brief glance at his story is worthwhile. He graduated from the Brazilian Military Academy in 1920 with the record of a good student. He was a lieutenant contemporary of Juarez Tavora and Eduardo Gomes, both of whom were later to become his political antagonists. As a political liberal, he participated in the "Lieutenants' Revolt" of 1924 and led a force attempting to seize the city of Porto Alegre. The revolt was unsuccessful and his own force was unable to take the city. He did not surrender, however, as did other elements in revolt. Instead he led his unit on what has come to be known as "The Prestes Column" (A Coluna Prestes), very reminiscent of "The Long March." The Column moved on foot from the southernmost state of Brazil in a wide arc through the western backlands to the northeast coast. Beaten back there, it again wandered through the interior and ended its march at the Bolivian border. The Column

fought fifty-three engagements over a period of twenty-eight months and covered an estimated 15,000 miles. Eighty percent of the group was wounded or killed during the march. The action held a mythical, heroic appeal to Brazilians of all political leanings, and Prestes gained the romantic title of "Knight of Hope" (O Senhor da Esperanca).¹

Prestes himself finally crossed the border into Bolivia, and later went to Argentina. Up to this time he had no known contact or interest in communism. It was in Argentina that he was to become a Communist and in 1930 he went to Moscow for several years. Eudocio Ravines, in his autobiographical work, The Yenan Way, recalls seeing him there and attending meetings in which the Comintern planners were drawing up programs for action in Latin America. Ravines returned to Chile and led a successful Popular Front effort that allied the Chilean Communists with the Radical Party in successful senatorial elections, and eventually elected a president. Ravines relates that the plan for Brazil, entirely different, called for direct action and a revolution by violence.²

Prestes returned to Brazil in 1935 and within 6 months an abortive Communist revolution occurred. In certain army units in Rio de Janeiro, Recife and Natal, Communists shot senior commanders and proclaimed a revolution. The revolt was quickly put down, Prestes along with other leaders was imprisoned, and the party

¹Jules DuBois, Operation America, pp. 154-158.

²Eudocio Ravines, The Yenan Way, pp. 82-88.

outlawed. No attempt has since been made by the Communists toward direct action.³

In 1945, Prestes was released from prison and the PCB legalized. It was immediately evident that the personal charm of Prestes was not diminished. The same year he was elected to the Senate, as he and other Communist candidates polled 650,000 votes, or 10% of the total votes cast. However, Communist successes and overconfidence caused a quick fall from grace. Prestes made an extremely inflammatory speech in the Senate in which he stated that he would personally fight against Brazil in the event of a war against Russia. In the congressional and local elections in 1947 the Communists polled 800,000 votes. President Dutra, alarmed by their actions, took quick counteraction and the Superior Electoral Tribunal declared the party illegal and unseated its elected congressmen.⁴

Prestes, in hiding, continued to direct the party activities. During the 1950s the party could not directly enter into government or public activities. However, under the Goulart administration, in 1962 and 1963 party members infiltrated and at least partially controlled important labor, student, political and bureaucratic groups. In these moves, the Communists frequently found assistance within other political groups.⁵

³Martin Ebon, World Communism Today, pp. 315-316.

⁴Ibid., pp. 321-322.

⁵US Dept of State, Bureau of Intelligence and Research, World Strength of the Communist Party Organization, p. 146.

The April 1964 revolution and the Castello Branco government since then have severely restricted Communist activities. The government has intervened in organizations led by Communists or sympathizers. The party leaders are in jail or exile or in hiding. Their influence within the government is presently insignificant.⁶

The PCB has, however, been in this position before. When not legalized, it recedes to its hard core membership of approximately 30,000. In such times, in addition to its own strength, it can normally control the vote of 150,000-200,000 nonmember sympathizers.⁷ Once legalized it has demonstrated its capability for drawing 600,000 - 800,000 votes or more.⁸

Even the maximum vote of 800,000 is not sufficient, however, to gain a controlling voice in the government. What then are the techniques employed by the Communists to gain greater influence and to further their objectives in Brazil? How can these objectives be obtained during periods in which the PCB is illegal and cannot participate directly in governing functions? This paper attempts to answer these questions by identifying the major programs pursued by Communists in Brazil during the past two decades, and to focus on what is in the author's view the single most effective technique employed in advancing the programs.

⁶Ibid., p. 146.

⁷Ibid., p. 145.

⁸The author is not including in strengths or in analyses any mention of the Communist Party of Brazil (CPB), a China-oriented splinter party of approximately 1,000 members. This party has insignificant influence in Brazil.

The Communist programs for Brazil are an integral part of the Soviet Bloc objectives which have been identified for Latin America in general. Although eventual domination or control is probably the final Communist objective, the intermediate objectives are practical, reasonable, and to a large degree appear attainable. Testifying before the United States Senate, General Cabell, Deputy Director, CIA, defined Communist objectives in Latin America as:

The immediate objective of Communist strategy is to provoke political or revolutionary action by sympathetic non-Communists, but politically influential elements, for the purpose of establishing an environment within which the Communist Party is free to organize and expand.

The program of communism in Latin America is designed to develop unity of action around popular issues such as antipathy to dictatorships, inflation, a desire for greater industrialization, nationalization of resources, and wider and more stable markets.

The program seeks to promote neutralism through exploiting the fear of wars, nuclear dangers, unpopular treaty obligations, and territorial sovereignty issues.

It encourages opposition to US participation in regional programs affecting Latin America.

Official bloc propaganda and news services applaud the role of nationalists in revolution, strikes, and demonstrations to show that the masses are in revolt against North American monopoly capitalism and its allies.⁹

Most of these same objectives, related specifically to Brazil, were stated directly or indirectly in a PCB document of 26 February 1954, entitled Draft Programme of Communist Party of Brazil. It included:

⁹C. P. Cabell, "Communist Activities in Latin America," in Communist Threat to the United States through the Caribbean, US Congress, Senate, 86th Congress, Part III, p. 142.

The American imperialists directly interfere in the entire administrative life of the country . . .

Thus, the US imperialists are . . . destroying the independence and sovereignty of our nation which they want to reduce to the status of a US colony.

American monopolies . . . use all the means at their disposal to strangle and retard development of home industry.

The American imperialists . . . want to involve Brazil in the aggressive war for which they are getting ready . . .

Brazil . . . must establish closer economic and cultural contacts . . . with the Soviet Union and China.

Brazil needs a government capable of . . . carrying out a policy of peace and cooperation with all other nations on an equal footing /Neutrality/ . . .

Annulment of all agreements and treaties with the USA that encroach on the interests of the nation.

Confiscation of all capital and enterprises belonging to the American monopolies.

Clearing out of all military, cultural, economic and technical US missions from Brazil.¹⁰

From these sources and from personal observation the author deduces three principal Communist immediate objectives in Brazil:

1. Foment internal unrest by retarding economic development and creating dissatisfaction with governmental programs.
2. Reduce United States influence on Brazilian activities while increasing influence of Communist countries.
3. Foster a policy of neutrality in international affairs.

¹⁰US Congress, Senate, Committee on the Judiciary, Communist Threat to the United States through the Caribbean, pp. 52-53.

CHAPTER 4

COMMUNIST EXPLOITATION OF SELECTED NATIONALISTIC THEMES

In Latin America, except in the case of Cuba, direct action or armed conflict have not been successful tactics for the Communists. The most consistently successful tool or tactic has been nationalism.

In carrying out their campaigns in Latin America, the Communists pose as "nationalists in the service of nationalism". Anti-US and pro-national feeling is not a Communist invention. It has developed over many decades in many Latins dissatisfied with their individual or national lot. The United States is big, powerful, rich in all the ways they would like to be rich, and the American presence pervades their every field of endeavor. A strong self-conscious and sensitive nationalism has grown up in this atmosphere, similar to the earlier feeling in the United States toward England. The Communists assiduously exploit this native nationalism in order to intensify the anti-US feeling and further the Soviet Cold War aims.¹

Within this general Latin American pattern, the Communist Party of Brazil is the most strident preacher of Brazilian nationalism. This is not to say that all or even most Brazilian nationalists are Communists. The Communists have very carefully fostered this identification with nationalism, and have tried to meld themselves

¹US Congress, Senate, US-Latin American Relations, Soviet Bloc Latin American Activities and their Implications for US Foreign Policy, p. 704 (referred to hereafter as "Congress, Soviet Bloc").

into a nonpartisan, nonparty, popular group possessing legitimate nationalist feelings. Their purpose, however, is to influence and direct this very potent force to their own ends.²

To demonstrate the use and effectiveness of nationalism as a political tool, this paper isolates four propaganda themes used successfully by the PCB in the present decades. The term "propaganda" is accurately employed in this sense for the Communist techniques observed by the author are very reminiscent of Nazi techniques in the late 1930s, that is, the incessant repetition of a number of fixed themes until they seem to become firmly planted in the target's subconscious. The extent to which the themes are absorbed and adopted by the targets will be discussed in the next Chapter.

The American picture of Communist propagandizing is frequently of a long-haired amateur surreptitiously handing out handbills on the street corner. The PCB enjoys a much more effective propagation system. In 1958, during a period in which the party itself was not legalized, there were 52 regular Communist publications distributed in Brazil. One half of these were newspapers, the remainder periodicals of varying frequency. At the same time, there were 26 known publishing houses producing Communist or pro-Communist literature.³

The four nationalistic "themes" selected for discussion here can be summarized, using Communist phraseology, as follows:

- "1. Sacking of Brazil by American monopolies and trusts.

²M. C. Needler, Political Systems of Latin America, p. 491.

³Congress, Soviet Bloc, pp. 744-745.

2. Economic emancipation of Brazil from colonial status.
(Anti-imperialism)
3. National ownership and exploitation of strategic natural resources.
4. International political independence."

Although these themes are normally used concurrently and overlap each other to a considerable extent, they will be treated individually.

THEME 1 - Sacking of Brazil by American Monopolies and Trusts.

Two of the terms most frequently used by the Communists in Brazil are not Portuguese words, but are anglicisms written in the original English with quotation marks or in italics -- "monopolies" and "trusts". They are sometimes modified as foreign, most frequently as American.

The preamble to the 1954 Draft Programme of the Communist Party of Brazil credits the monopolies with creating the most severe problems:

The poverty of the people in a country so rich as ours is the result of the predatory policy of the American monopolies. . . .

American monopolies control entire branches of Brazilian industry, and use all the means at their disposal to strangle and retard development of home industry. . . .

Later in the document, under "actions to be taken,"

Confiscation of all capital and enterprises belonging to American monopolies.⁴

⁴US Congress, Senate, Committee on the Judiciary, Communist Threat to the United States through the Caribbean, pp. 52-53 (referred to hereafter as, "Congress, Communist Threat").

Following this theme through the pages of IMPRENSA POPULAR⁵ for a period, the reader finds these same words restated almost daily with minor changes in the examples employed. In a typical article in April, 1955:

The highest Brazilian infantile death rate occurs in the regions of the latifundios (large landowners). Another cause is the action of monopolistic North American firms in Brazil. Having gained control of the sources of wealth, they are systematically sacking the national territory. The state of cotton, coffee, cocoa and peanuts is a result of the speculative maneuvers of North American firms.⁶

The following day's issue, editorializing on a wage dispute, pointed out that American trusts take huge profits annually from Brazil up to 116%, and yet deny a pay raise to their metal workers.⁷

Any dealing with an American concern is presented as an invitation to steal. When the Port of Rio de Janeiro Authority opened bids to foreign bidders for construction and renovation work, this was termed "handing over" (entreguismo) of the Port to Yankee Trusts for them to extort more money from the people.⁸ The Communists use "entreguista" with relish; he is the unscrupulous Brazilian who will hand over or sell anything of value for a dollar. He is the lowest form of anti-national American lackey--he is related to the "coca-cola", one who likes things American.

⁵IMPRENSA POPULAR. Daily newspaper published in Rio de Janeiro and considered by the author as representative of Communist publications in Brazil. Articles published are normally unsigned or unattributed.

⁶Imprensa Popular, Rio de Janeiro, Brazil, 1 Apr. 1955, p. 6 (referred to hereafter as, "Imprensa").

⁷Imprensa, 2 Apr. 1955, p. 6.

⁸Imprensa, 22 Jun. 1955, p. 1.

The Communists point out that the American monopolist will not tolerate competition. The IMPRENSA cites a case in which a Brazilian shipload of bananas arrived at a Chilean port only to be undersold by the American monopoly, U.S. Fruit, who "dumped" on the local market to freeze out the Brazilians.⁹

The most frequent article on the "sacking" theme, however, deals with rising prices, pictured as resulting from monopolists' gouging. Through the year of 1955, it was pointed out by the editors of IMPRENSA that:

Cinema prices were raised over the peoples' protests for the benefit of the immoral Hollywood trusts.¹⁰

The U.S. meat packers were responsible for the steady rise in meat prices, robbing the poor worker.¹¹

A rise in gasoline prices was made by the super-trust, Standard, to demoralize Petrobras and fill their already overflowing coffers.¹²

With bus transport curtailed in Rio due to 150 busses deadlined, U.S. rubber monopolies were responsible, due to the high cost of tires and rubber. The laborer who must ride to his work suffered the inconvenience.¹³

The articles appear humorous, almost ludicrous, to the American reader. Nevertheless, they were based on visible but incomplete facts which lent credibility for one who was trying to rationalize the difficult financial straits the poorer man encountered in a year of inflation. The cost of living in Brazil rose by 51% (based on 1952

⁹Imprensa, 16 Jan. 1955, p. 1.

¹⁰Imprensa, 5 Jan. 1955, p. 8.

¹¹Imprensa, 26 Nov. 1955, p. 1.

¹²Imprensa, 30 Jul. 1955, p. 2.

¹³Imprensa, 4 Jan. 1955, p. 8.

values) during 1955.¹⁴ The movies, meat, gasoline and tires all bore familiar U.S. brand names. Why should their price rise so sharply and frequently?

From these excerpts, the basic direction of this theme becomes evident. This is not a debate of the advantage of socialism versus capitalism. This argument is achieved more subtly by showing how the biggest capitalists are responsible for the ills of Brazil and its people--the sufferers are "Brazilians" and the "national territory", not the Communist Party or the Socialist movement.

THEME 2 - Economic Emancipation.

Latin Americans, in addition to recognizing the large influence of American business interests in their economic life, recognize that they are dependent on the US (and other nations) as markets for their raw-good exports and as sources of finished-good imports. The capital they seek for development or assistance comes from the U.S. This causes a self-consciousness and resentment and makes the Latin see his country as an economic colony of America and the United States as an economic imperialist. This feeling of injured national pride, resulting from an inferiority of power, wealth and prestige is charged with emotion and is readily exploited by the Communist. The urge toward "emancipation" and against "imperialism" is the greatest asset that the Communists enjoy among the people of Latin America in general and in Brazil.¹⁵

¹⁴United Nations, Economic Bulletin, 1964, p. 202.

¹⁵Congress, Soviet Bloc, pp. 704, 379.

This theme too, as expounded by the PCB, is couched in strongly patriotic terms. An IMPRENSA editorial celebrating Independence Day in 1955 stated: "One hundred thirty-three years ago we declared our political independence. Now we declare our independence as an economic colony from the Yankee Imperialists."¹⁶

The essence of economic colonialism in Marxist-Leninist reasoning is that imperialist powers, through direct investments, develop raw material extractive sources which result in a misshapen economy for the Latin country. A specialization results that does not benefit local industrialization-modernization efforts, but rather turns the country into a "single-crop, raw-material appendage of the imperialist powers."¹⁷

As expressed by the Communists, the imperialist powers monopolize the export market, control the price of raw materials, and in return engage in "dumping" to dominate the import market and crush local competition. The PCB points out that as a result of these tactics, Brazil must engage in a colonial commerce. It does not dare trade with the USSR for fear of economic reprisal from the U.S.¹⁸

A slump in coffee prices is a specter that Brazilians dread. At the conclusion of a 1955 multi-national Coffee Accord, IMPRENSA scored the agreement as a U.S. maneuver to cause a lowering of prices.

¹⁶Imprensa, 14 Sep. 1955, p. 1.

¹⁷Thomas P. Thornton, The Third World in Soviet Perspective: Studies by Soviet Writers on the Developing Areas, pp. 129-131.

¹⁸Imprensa, 15 Jun. 1955, p. 1.

The U.S. aim in the agreement was to achieve domination of the coffee market, fix export quotas, and control prices.¹⁹ To further inhibit Brazil's trade in the open market of another basic product, the United States was "dumping" excess cotton to cause a drop in world prices, causing Brazilian farmers to suffer a loss.²⁰ Even worse, editorials pointed to the shameful pact made by the Brazilian government to receive large amounts of unsaleable, excess U.S. wheat in exchange for valuable Brazilian minerals.²¹

Any government-to-government agreement with the U.S. indicates a degree of cooperation that is intolerable to the Communists. Their normal reaction to such an agreement is to show that the U.S. has selfish motives, is practising a cynical imperialism, and that the national interests of Brazil are made to suffer. The IMPrensa seemed hard-pressed to find a believable point of attack against the opening of the U.S. Operation Mission in 1954, so a general broadside was used:

The Yankee USOM is coming to Brazil alledgedly to 'help'. This is a farce. It will have legislative and executive functions on Brazilian soil. It is pure imperialism and is a direct assault against our constitution and our sovereignty.²²

The suicide death of President Vargas on 24 August 1954 gave the PCB a unique opportunity to point to a flagrant instance of colonial intervention and to call for patriotic reprisals. During

¹⁹Ibid., p. 3.

²⁰Imprensa, 20 Dec. 1955, p. 1.

²¹Imprensa, 1 Jan. 1955, p. 1.

²²Imprensa, 31 Jul. 1954, p. 1.

the early days of August, 1954, the PCB continued to castigate Vargas, as it has been doing for months. His government was named a "government of national treachery", subservient to American masters and following a policy of economic colonialism.²³ As late as the day of Vargas' suicide, the (daily edition of the) IMPRENSA of that date (distributed prior to the death) quoted the party leader, Prestes, charging Vargas and his American bosses with the plotting of a coup d'etat to continue in power.²⁴

The day following the suicide, however, IMPRENSA's main feature hailed Vargas as a patriot and a martyr who died defending the homeland (Patria) against imperialism. They interpreted his unhappy suicide note as an indictment of the United States. They alleged that, aided by his Yankee supporters, Cafe Filho,²⁵ the tool of big trusts, became president. The maneuvering that led up to the "tragic death" of Vargas was typical of Yankee interference in Brazilian affairs.²⁶ This same issue urged the populace to demonstrate in the streets in "defense of the constitution" and protest against the new government, which they termed the "Yankee government of Cafe Filho."²⁷ The editions of several days following were filled with claims of brutalities against the demonstrators by United States Marines and Brazilian soldiers under orders from the American Embassy.²⁸

²³ Imprensa, 5 Aug. 1954, p. 1.

²⁴ Imprensa, 24 Aug. 1954, p. 1.

²⁵ Joao Cafe Filho, Legally elected Vice President who became President on the death of Vargas.

²⁶ Imprensa, 25 Aug. 1954, p. 1.

²⁷ Imprensa, 25 Aug. 1954, p. 8.

²⁸ Imprensa, 28 Aug. 1954, pp. 1, 8; Imprensa, 31 Aug. 1954, p. 8.

This theme of colonialism and dependence on the U.S. imperialists was continued against the Cafe Filho government throughout the year following Vargas' death. As elections approached in late 1955, the Communists used the theme as Luis Carlos Prestes published a platform for the PCB. He appealed to the people to throw out the U.S.-dominated colonial government and substitute a "Democratic Government of National Liberation" integrating all patriotic parties, personalities and groups.²⁹

The PCB, not legal at the time, could not offer its own candidate. Just prior to elections, therefore, Prestes published an Electoral Manifesto, proclaiming:

We join together with all anti-coup [anti-government] forces--workers, farmers, to the big capitalists and landowners--interested in the defense of the Constitution. We support the candidacy of Kubitschek - Goulart, whose election will be a new impulse to democratic and patriotic forces and will result in a change of political correlation--favorable to democracy, peace, independence, and the progress of Brazil. With this campaign, we are founding a League of National Emancipation to solidify and coordinate the actions of all patriots of all parties.³⁰

The Fundamentals of Marxism-Leninism furnish the basis for this political accommodation. It recommends the use of the united front as a way-station on the road to assumption of power. Even the marriage with the hated big (national) bourgeoisie is encouraged when the bourgeoisie is interested in combating imperialism. In this condition it is considered progressive.³¹

²⁹Imprensa, 31 Mar. 1955, p. 3.

³⁰Imprensa, 11 Aug. 1955, p. 1.

³¹Fundamentals of Marxism-Leninism, pp. 454-456.

This second theme, like the first, does not deal with a move to communism. It states that Brazil has been held as an economic colony of the U.S. All patriotic Brazilians are exhorted to recognize this colonialism and to join in a united, nonpartisan front to fight for national independence from the American imperialists.

THEME 3 - Nationalization of Natural Resources.

Although clearly related to the sacking idea of the first theme and the raw-material colonialism of the second theme, the concept of nationalization of natural resources can be considered a separate theme. With the nationalist, the idea of being robbed of God-given riches struck such a responsive chord and became so charged with emotion, that the Communists have seized it eagerly, and have beaten this drum hardest and with visible success.

This theme's most familiar application has been in relation to petroleum. The nature of its origin was suggested by Mr. Frank Oram, USIA Assistant Director for Latin America, before a House of Representatives sub-committee in 1958:

It is my opinion that the petroleum issue, found notably in Brazil, is the result of an intense campaign. It has gone to lengths far beyond what normally would have been the case had there not been over many years a very specific and intense Communist and ultranationalist campaign to make the issue of petroleum a key national issue.³²

The Communists have used every possible means for keeping the petroleum issue before the public eye. One of the first sights

³²US Congress, House, Committee on Foreign Affairs, 85th Congress, Second Session, A Review of Relations of the United States and other American Republics, p. 96.

greeting the author on his arrival in Brazil early in 1955 was a slogan painted on buildings, fences, pillars and any other convenient surface---"O petróleo é nosso!" (The petroleum is ours!)

A few months prior to this time, at the death of Vargas, the IMPRENSA had given a part of the ambiguous suicide note an interpretation related to petroleum. The Communists quoted Vargas as meaning that he had patriotically defended the resources against foreign interests, and that these interests' pressures had led to the "tragic act".³³

The Communists sought to capitalize on all nationalist-inclined groups that were interested in the petroleum campaign. The IMPRENSA gave much attention to a meeting of the National Students' Union in January, 1955, termed the "Congress in Defense of Petrobras". For several issues preceding the meeting, patriotic students were urged to show their solidarity in defense of national resources.³⁴ The issue following the meeting proclaimed that the discussions had affirmed the true logic of "The Nationalist Solution for Brazilian Petroleum." This same January 6, eight-page issue, contained seventeen separate articles in which the petroleum issue was mentioned.³⁵

Any discussion of modifying the restrictions of the Petrobras law to permit sub-contracting of foreign companies, even under Brazilian government control, was branded as treachery. A congressional amendment proposing such contracting was defeated in Congress;

³³Imprensa, 26 Aug. 1954, pp. 1-2.

³⁴Imprensa, 28 Dec. 1954, p. 2; Imprensa, 1 Jan. 1955, p. 8.

³⁵Imprensa, 6 Jan. 1955, pp. 1, 2, 6, 8.

the defeat was hailed as a victory of the state monopoly against the assault of rapacious Yankee imperialism.³⁶ Highly regarded public figures such as General Juarez Tavora and Senator Chateaubriand suggested that sub-contracting of some exploitation phases was imperative because of the lack of skills and capital in Brazil; they were scorned as traitors, the most vile "entreguistas".³⁷ American engineers and geologists hired individually by the Brazilian government were alleged to be deliberately dragging their feet, prejudicing the progress of Petrobras.³⁸

The popular interest in the issue of petroleum led to campaigns to nationalize other real or imaginary strategic resources. The PCB interpreted U.S. Missions of any type as fronts to cover the secret exploitation of strategic resources. The U.S. Military Commission in Brazil permitted the Americans to roam the country at will and search for thorium, monazitic sands and other atomic raw materials.³⁹ Miners from Minas Gerais were quoted as complaining that their workings had changed from normal minerals to atomic minerals for the United States.⁴⁰ Electrical power was treated in the same sense as a strategic resource. When an increment of the Paulo Alfonso generating plant began operation, a portion of its power was contracted to Bond and Share Company, a foreign-owned

³⁶Imprensa, 31 Mar. 1955, p. 1.

³⁷Imprensa, 1 Apr. 1955, p. 1.

³⁸Imprensa, 15 Jun. 1955, p. 3.

³⁹Imprensa, 14 Sep. 1955, p. 1.

⁴⁰Imprensa, 1 Jun. 1955, p. 1.

distributing and municipal transport company in Rio de Janeiro. This was discovered by IMPRENSA as 'entreguismo' practiced by the Brazilian government itself, handing over a vital natural resource to an infamous trust who would in turn sell it to Brazilian citizens at a tremendous profit.⁴¹

The nationalization of natural resource theme can be seen to be useful in advancing several of the Communist objectives listed in Chapter 3. It incites antagonism towards the United States, it reduces U.S. economic influence in the country, and, to the extent that it retards resource development, it prolongs political dissatisfaction and instability. This last aspect is vital to the maintenance of an internal economic climate favorable to Communist activity.

THEME 4 - International Political Independence.

Undoubtedly the ultimate Communist aim for Brazil is to bring it into the Soviet Bloc as a socialist state ruled by a Communist Party responsive to Moscow direction. For the present period, however, a more reasonable goal is to achieve Brazilian neutralism in the east-west cold war encounter.⁴² To accomplish this, Brazil must be alienated from U.S. influence in international affairs, and must be induced to develop an "independent" foreign policy which does not favor U.S. or western views.

⁴¹Imprensa, 16 Jan. 1955, p. 2.

⁴²See page 18, Chapter 3.

This theme, as are the others, is presented by an emotional, nationalistic approach which can be simplified as follows: Brazil is a mature, intelligent nation. Any U.S. attempt to influence our foreign affairs is Yankee intervention and an infringement upon our national sovereignty. We will reject this interference, and follow a course that advances our own purely national interests.

Among the 46 points of the 1954 Draft Programme of the Communist Party of Brazil was the annulling of all anti-national treaties with the U.S., and the cancellation of all debts to the U.S. government. Also called for was the expulsion of all U.S. missions, including cultural, economic and technical missions---⁴³all of which would continue U.S. presence and influence in Brazil.

The recipient of most violent Communist attacks was the U.S.-Brazilian Military Accord. It was described as a weapon for use against Brazil itself, usurping Brazilian sovereignty, and humiliating the Armed Forces whose control and supervision was handed over to the uniformed American agents.⁴⁴ The same Prestes' manifesto castigated the Vargas government for servility to U.S. orders in carrying out State Department orders. Prestes ridiculed the Brazilian Minister of Foreign Relations for his role at the Caracas Conference where he was no more than a "stooge of the warmonger, Foster Dulles".⁴⁵

⁴³Imprensa, 1 Jan. 1955, p. 8.

⁴⁴Imprensa, 14 Aug. 1955, p. 1.

⁴⁵Imprensa, 5 Aug. 1954, p. 1.

To achieve true independence, a number of steps was proposed, including these principal three:

The supreme interests of the people of Brazil call for a complete break with the aggressive militarist and colonizing policy of the U.S.

Brazil must put an end to the hateful American domination and establish closer economic and cultural contact with all countries which recognize and respect our independence, above all with the Soviet Union and China.

Brazil needs a genuine people's government capable of . . . carrying out a policy of peace and cooperation with all other nations on an equal footing.⁴⁶

Summary of Communist Themes.

Reviewing the four themes discussed, certain characteristics are found common to all:

Each is based on fact, which is interpreted or embellished by the Communists for their own purposes.

The themes are not dialectical debates of capitalism versus socialism.

The themes are supported by nationalistic, patriotic appeals in strongly emotional form.

United States government, institutions and people are used as hate - objects responsible for all problems and shortcomings.

⁴⁶Congress, Communist Threat, p. 53.

CHAPTER 5

INFLUENCE OF NATIONALIST THEMES ON GOVERNMENTAL POLICY

As pointed out in Chapter 4, nationalism is not a Communist invention. Nationalism is considered by some writers as the primary motivating force in Latin America today.¹ Chapter 4 explored techniques and themes employed by the PCB to exploit the already existent force. The Communist effort has become so intertwined with purely nationalist activity that it is difficult to assess accurately the Communist success. In this chapter, however, it will be shown that the themes propounded so repetitiously by the PCB have been duplicated exactly in non-Communist circles, and that certain policies have been adopted by the Brazilian government which coincide with the themes and objectives of the Communists.

THEME 1 - Sacking of Brazil by American Monopolies.

Brazil is one of numerous Latin countries that can profit by major external financial assistance in the form of loans, grants, and private investments. It seeks diversification of products and exports; it is in a period of rapid expansion of its industrial base. For these and other reasons, investment capital is needed in large amounts. Without it, advancement is slowed due to lack of internal financing.² U.S. private investments in Brazil grew 2½ times from

¹M. C. Needler, Political Systems of Latin America, p. 491.

²US Congress, Senate, US-Latin American Relations, Commodity Problems in Latin America, p. 147 (referred to hereafter as "Congress, Commodity Problems").

1930 to 1958 to a total of 1.34 billions. During the same period in Venezuela, U.S. investments grew 11 times to 2.96 billions. This indicates even greater sums would have been available for investment in Brazil, had conditions been more favorable.³

President Vargas, in a New Year's radio address in 1952, delivered a virulent condemnation of foreign investments that indicated the atmosphere was not truly favorable. In discussing reasons for a rising cost of living, Vargas stated he had uncovered a "criminal plot which had been weighing heavily against the economy, wealth and independence of the nation." He stated that since 1946, foreign investors had illegally remitted profits of up to 20% annually from Brazil. He stated they had plundered Brazil, and this situation he would correct.⁴

The timing of this speech caused a reaction that brought adverse results for Brazil. The Director of the Brazilian Rural Society foresaw a negative response. He pointed out that in recent years [preceding 1952] the capital flow had become favorable for Brazil's expanding economy. He felt President Vargas' statement would reverse this favorable capital flow.⁵ A member of a Joint Brazil-U.S. Economic Development Commission reports having been in Brazil at the time finalizing arrangements for 300 million dollar developmental

³US Congress, Senate, US-Latin American Relations, US Business and Labor in Latin America, p. 396.

⁴Foreign Broadcast Information Service, Daily Reports, Report No. 1, 3 Jan. 1952, PRL7 Rio de Janeiro, 1 Jan. 1952 (referred to hereafter as FBIS No. _____).

⁵FBIS No. 15, 20 Jan. 1952, ZYB8 Sao Paulo, Press Conference.

loans to Brazil. Following the speech the World Bank cancelled its proposed loans, and the Export-Import Bank greatly reduced its loans.⁶

Vargas' War Minister, in a following speech on 5 January, reiterated similar thoughts, that Brazil would not "turn over its natural resources to foreign companies" nor turn over that which is "vital to national defense to alien monopolies."⁷

The familiar Communist term "Trust" became a frequently used word by the populace in general. The DIARIO CARIOCA, a non-Communist newspaper, editorialized: "Brazil will buy large quantities of wheat in the dollar area. Foreign interests, that is large international wheat trusts, have prevented Brazil's saving dollars by buying from Uruguay."⁸

Likewise the term "entreguista" became heard more frequently from non-Communist mouths, meaning generally one who was willing to give concessions to foreign elements against Brazil's best interests. The author encountered it in casual conversations with Brazilian officers. In 1959 a University of Brazil professor published a definition of what the "entreguista" believed, including these points:

The entreguista considers Brazilian development essentially dependent upon the entry of foreign capital and foreign help.

⁶T. W. Palmer, Search for a Latin American Policy, pp. 197-198.

⁷FBIS No. 5, 7 Jan. 1952, ZYB8 Sao Paulo, 5 Jan. 1952.

⁸FBIS No. 14, 18 Jan. 1952, Diario Carioca, Rio de Janeiro, 16 Jan. 1952.

The entreguista concretely contributes through his labor to the success of enterprises injurious to national interests.⁹

Nationalist [non-Communist] sentiment, while admitting the need for investment capital, tended to identify foreign capital with foreign control and as a threat to national sovereignty. Therefore, many nationalists sought to limit or prohibit foreign entry, restrict export of profits, and closely control operation of foreign-owned companies. The petroleum and public utilities sectors have felt the strictest control, leading to nationalization or expropriation in several cases.¹⁰

THEME 2 - Economic Emancipation.

As Brazil's export earnings have been unable to match the requirements for capital formation, external financing has been necessary. As mentioned in Chapter 4, private U.S. investments have risen to over 1.35 billion, while U.S. governmental financing has passed 2.5 billion. Even while accepting this financing, some Brazilians have harbored the suspicion that this has made them dependent on the U.S. and therefore a form of "colony."¹¹

Figures in Brazilian government have publicly expressed this feeling. Estillac Leal, Minister of War defending Vargas' 1952 New Year attack on foreign investors, declared the government ready to fight all forms of colonialism, political or economic, from whatever

⁹Professor Ramos, Ultima Hora, 31 Mar. 1959, p. 1.

¹⁰Needler, op. cit., p. 507.

¹¹Congress, Commodity Problems, pp. 379, 313.

foreign source. He identified himself as an "ardent partisan of his country's political and economic independence."¹²

In April 1953, a rumor existed in the Brazilian Congress that a special mission had gone to the U.S. to contract Standard Oil Company to perform oil explorations for Petrobras.¹³ Deputy [and ex-President] Artur Bernardes protested that if the alleged mission were successful, Brazil would become a "complete, rather than a semi-colony."¹⁴

Federal Senator Alencastro Guimaraes stated in a press conference:

Brazil, which has had its economy bled ever since its independence, today is still the best colony, the cheapest colony, and the most fruitful . . . Obviously Brazil, like all other countries of the western world, is economically and militarily dependent on the US.¹⁵

Joao Goulart, later to be president, speaking in 1954 of his Labor Party's alleged connection to communism, denied any link to the PCB. He summarized the party program as the "economic development and independence of Brazil."¹⁶

That the public was gaining an awareness of the independence-colonialism theme is indicated by a protest meeting by the Feminine Committee to Fight the High Cost of Living. Complaints expressed against rising prices included: "We are an American colony."

¹²FBIS No. 18, 24 Jan. 1952, O Mundo, Rio de Janeiro, 24 Jan. 1952.

¹³FBIS No. 76, 21 Apr. 1953, Diario da Noite, Rio de Janeiro, 20 Apr. 1953.

¹⁴FBIS No. 78, 23 Apr. 1953, Diario da Noite, Rio de Janeiro, 22 Apr. 1953.

¹⁵FBIS No. 15, 21 Jan. 1952, ZYB8 Sao Paulo, 20 Jan. 1952.

¹⁶FBIS No. 240, 13 Dec. 1954, ZYB8 Sao Paulo, 12 Dec. 1954.

Everything has an American label. Even the meat we eat comes from American packing houses."¹⁷

Political parties apparently found it convenient to include the theme of economic independence in their platforms. A group calling itself the National Liberation Front and purporting to be a Brazilian emancipation movement open to all patriots issued a 1961 declaration presenting a plan for the "fight for national emancipation from colonial exploitation."¹⁸ The 1961 National Convention of the Christian Democratic Party established points for action, including:

The liberation of underdeveloped countries and the forming of a block of Latin American countries against the oppression of imperialism.

The necessity of unity among free peoples against the colonialism which suffocates freedom.

Defend Petrobras as an instrument of Brazil's economic liberation.¹⁹

Within the Brazilian populace and government then, we find two opposing viewpoints growing up through the 1950s, that is: the need for U.S. financing and assistance in their economic development, and resentment because this assistance itself inhibits the attainment of economic self-sufficiency. This dichotomy has produced in many

¹⁷FBIS No. 225, 19 Nov. 1954, ZYB8 Sao Paulo, 18 Nov. 1954.

¹⁸US Dept of State, American Consulate General, Sao Paulo, Despatch No. 137, 25 Oct. 1961, Enclosure 1, pp. 1-2 (referred to hereafter as "Amcongen Sao Paulo, Despatch 137").

¹⁹US Dept of State, American Consulate, Curitiba, Despatch No. 50, 11 Apr. 1961, Enclosure 1, pp. 2-3 (referred to hereafter as "Amcon Curitiba, Despatch 50").

Brazilians a frustration which, in the author's estimate, will continue to be an exploitable, divisive sentiment in interstate affairs.

THEME 3 - Nationalization of Strategic Resources.

This theme will be the most familiar to the reader and will require the least explanation; at the same time it is the theme that has evoked the strongest emotions and has had possibly the greatest economic influence.

The import of petroleum crude and petroleum products has been a consistently heavy drain on Brazil's foreign exchange, running between 200-300 million dollars annually.²⁰ In 1962 and 1963, over 260 millions, or 18% of import values, each year went towards the import of petroleum products.²¹ In 1962, the registered number of motor vehicles was 1.4 millions.²² In that same year, in-country production of vehicles reached 191,000, without considering vehicle imports.²³ In a period of industrialization, both the transportation requirement and total fuel consumption can be expected to increase even further. Thus it can be seen that a long-term reduction of petroleum imports (by satisfying requirements from local resources) will result in an appreciable improvement in the balance-of-payment and foreign exchange pictures.

²⁰Palmer, op. cit., p. 194.

²¹US Dept of Commerce, Overseas Business Report 64-75, p. 22.

²²Ibid., p. 17.

²³US Dept of the Army, Department of the Army Pamphlet No. 550-20, p. 483 (referred to hereafter as DA Pamphlet 550-20).

The importance of import substitution in petroleum has been recognized for many years by Brazilian authorities. In 1952, the impact of import requirements was pointed out by the Chairman of the National Petroleum Council, speaking to a Joint Economic and Transportation Committee: "Our financial resources are vanishing due to the imports of petroleum products, which have been steadily increasing about 20% per year."²⁴

The course followed from that point in 1952 onward has, in the opinion of the author, been an unfortunate one for Brazil. The finding of a solution to the petroleum problem became a political rather than an economic issue and was based on a "national" meaning internal Brazilian rather than an economic approach.

The source and control of financing became the crucial points of debate. Public figures such as Sao Paulo Governor Adhemar de Barros,²⁵ Finance Minister Gudin,²⁶ and Federal Deputy Manhaes Barreto²⁷ pointed out that Brazil did not possess the capital nor the technical skills or organizations to develop and exploit Brazil's oil resources with satisfactory speed. Some form of foreign investment and contracts with foreign firms would be necessary. Typical of the contrary view was Deputy Orlando Dantas' reply to Deputy

²⁴FBIS No. 27, 6 Feb. 1952, ZYC9 Rio de Janeiro, 6 Feb. 1952.

²⁵FBIS No. 6, 8 Jan. 1952, ZYC9 Rio de Janeiro, Press Conference, 8 Jan. 1952.

²⁶FBIS No. 245, 20 Dec. 1954, ZYB8 Sao Paulo, Press Conference, 20 Dec. 1954.

²⁷FBIS No. 22, 30 Jan. 1952, PRL7 Rio de Janeiro, 30 Jan. 1952.

Barreto on the question of foreign financing and contracting of foreign firms. Dantas said he was unalterably opposed to the participation of any foreign capital in the domestic oil venture. If financing and skills were lacking, it would be better not to have any petroleum than to hand it over [entreguismo] to the "trusts."²⁸

Other equally prominent public figures presented appeals for a "national solution to the petroleum question." War Minister Estillac Leal stated that Brazil could not permit the interference of foreign companies in the resources which were vital to national defense -- this would be a yielding of sovereignty.²⁹ A most inflammatory view was expressed in the House of Deputies by ex-President, then Deputy, Artur Bernardes: "We cannot hand over our oil to foreign trusts. Turning it over to the trusts could well be a sufficient motive for a revolution. I hope . . . I shall be able to alert new generations against those who wish to re-colonize Brazil."³⁰

President Vargas, in a radio speech to the nation on the signing of the Petrobras bill, stated:

Petrobras, exclusively integrated by Brazilian capital, technical skill and labor, is the result of a firm nationalistic economic policy which has been consecrated by previous undertakings of the government and is a policy in which I have always had much faith.³¹

²⁸FBIS No. 22, 30 Jan. 1952, PRL7 Rio de Janeiro, 30 Jan. 1952.

²⁹Newton Estillac Leal, Jornal do Comercio, 6 Jan. 1952, p. 3.

³⁰FBIS No. 51, 12 Mar. 1952, ZYC9 Rio de Janeiro, 12 Mar. 1952.

³¹FBIS No. 194, 5 Oct. 1953, PRL7 Rio de Janeiro, 3 Oct. 1953.

A look at the results of twelve years operation of Petrobras reveals that the achievements are less than completely successful, particularly in import substitution. Imports continue at an equal or slightly higher level. In 1963 the state monopoly, Petrobras itself, imported 238 million dollars of petroleum products, principally 57.5 million barrels of crude. Not included in this sum were 20 million barrels of petroleum crude imported by private firms.³²

Internal refinery throughput has increased significantly to a 1963 total of 305,000 barrels per day. In the same year, however, crude production attained only 97,850 bpd with known reserves limited to 800 million barrels.³³ The location and extraction of crude oil remain the most serious problems in Brazilian petroleum production. To date available Petrobras funds have been concentrated in refining. Exploration and new discoveries have not been significant.³⁴

Preliminary surveys have indicated possible extensive deposits in the Amazon Basin and the Northeast, where oil and gas shows were found by surface examinations. Deep exploration drilling has lagged, however, and actually declined in the years after 1960, as sufficient funds and efforts have not been directed to this activity.³⁵ Purely national capabilities, financial and technical, appear insufficient for a rapid solution to the problem.

³²Petroleum Press Service, Aug. 1964, London, p. 295.

³³Petroleum Press Service, May 1964, London, p. 195.

³⁴Petroleum Press Service, Mar. 1964, London, p. 100.

³⁵Petroleum Press Service, Oct. 1963, London, p. 379.

Although they will not be examined in detail, it is pointed out that other basic resources have been nationalized as government monopolies. Prospecting, exploitation, refining, and maritime and pipeline shipping of oil and gas are monopolies of the government, as is the development of hydroelectric power. Mines of substance related to atomic energy are state monopolies and are declared national reserves.³⁶ Nationalization programs in other areas have increased in the past decades, including: highway construction, a nationalized railroad holding company, a nationalized merchant marine, and even NOVACAP, the peculiar government enterprise that built the new capital city, Brasilia.³⁷

THEME 4 - International Political Independence.

Of the four nationalist themes discussed in this paper, the fourth has shown only limited, but important, influence on Brazilian policy.

Having been an active participant in both World Wars, Brazil decided not to participate in a military manner in Korea. Minister of War Estillac Leal probably indicated official government thinking in a 1952 statement: "I am an ardent partisan of this country's political and economic independence. It is the will of our government not to take an active part in the Korean War, since it is completely foreign to Brazilian interests."³⁸

³⁶US Congress, House, Committee on Foreign Affairs, 85th Congress, Second Session, A Review of Relations of the United States and other American Republics, p. 96.

³⁷United Nations, Economic Bulletin, 1964, p. 189.

³⁸FBIS No. 18, 24 Jan. 1952, O Mundo, 24 Jan. 1952.

Brazilian foreign policy on major world issues generally paralleled that of the U.S., however, through the 1950s. A degree of deliberate separation was introduced in 1961 under President Janio Quadros, who saw advantage for Brazil in a "nonaligned" position.³⁹

At this same period in Brazilian politics certain political groups sought to create a nationalist appeal by the independence theme, pointing to a position of neutrality. The National Liberation Front took a "plague on both houses" position, declaring: "We refuse to accept any tutelage in our internal or foreign affairs. We shall not be a colony of the United States nor a satellite of the Soviet Union."⁴⁰ The Christian Democratic Party advocated for Brazil a "third ideological position, differing from liberalism and marxism," and it proposed trade and diplomatic relations with all peoples.⁴¹

Some specific actions in recent years show that Brazil is capable of independent action in world affairs. Diplomatic relations have been reopened with the Soviets, and increased trade has developed with several Communist countries. Brazil adopted a firm position of nonintervention towards affairs in Cuba in the early 1960s. Nevertheless, it is felt that in the international field Brazil considers itself a member of the western democratic community, and that the populace overall identifies its national interests as closer to those of the United States than to those of the Soviet Union.⁴²

³⁹Janio Quadros, "Brazil's New Foreign Policy," Foreign Affairs, Vol. XL, Oct. 1961, pp. 19, 22, 26.

⁴⁰Amcongen Sao Paulo, Despatch 137, p. 2.

⁴¹Amcon Curitiba, Despatch 50, pp. 1-2.

⁴²DA Pamphlet 550-20, pp. 411-412.

CHAPTER 6

IMPLICATIONS FOR THE UNITED STATES OF ULTRANATIONALISM IN BRAZIL

CONCLUSIONS

Reviewing the common trends through the four Communist themes discussed, the author notes six principal facts:

1. An attempt is made by the Communists to identify themselves with purely self-interested nationalism and with all classes of patriotic Brazilians. The international nature of Soviet direction of the Communist movement is submerged.
2. The surface orientation of the themes is primarily economic, and each is at least partially based upon legitimate economic problems facing the nation and individual Brazilians.
3. American business concerns and the U.S. Government are identified as responsible for Brazilian economic and political problems.
4. Frequent repetition of a narrow range of themes appears to be the technique employed for implanting anti-American thoughts in the mind of the Brazilian public.
5. A direct discussion of the introduction of socialism or communism into Brazil is avoided.
6. Although the Communists normally indicate preference of candidates during elections, they attempt to create dissatisfaction with each administration elected by trying to show it to be subservient to U.S. guidance. Thus, they wield political influence by

swinging blocks of sympathetic votes in elections, and by fomenting political turbulence against all governing administrations.

It is not possible to establish the exact extent to which this Communist propaganda has influenced public opinion and guided government policy. However, the close parallel between themes used by the PCB and ultranationalist elements indicates their short-range aims and techniques were coincident. Their joint publication efforts undoubtedly reached a larger portion of the public than would have been reached without the Communist effort.

It is true, moreover, that certain policies adopted by the Brazilian Government fulfilled objectives of the Communists and ultranationalists. Further, it seems clear that the combined Communist-ultranationalist pressure has made foreign development of petroleum resources in Brazil politically impossible. Additionally, they have retarded modernization and economic growth to some extent by opposing and reducing foreign investments in basic sectors.¹ In such ways we must consider that Communist exploitation of nationalism in Brazil has been successful.

CURRENT REFORM EFFORTS

The leftward drift of Brazil seen by the author was halted and at least temporarily reversed in April 1964 by the interim government of President Castello Branco. A military-revolutionary movement

¹US Congress, Senate, US-Latin American Relations, Soviet Bloc Latin American Activities and their Implications for US Foreign Policy, p. 710.

ousted Joao Goulart, made Castello Branco president, and greatly increased his executive powers by a Second Institutional Act in October 1965.²

With no party affiliations, but with broad Center or Moderate support, Castello Branco has launched basic reforms across the political-social-economic spectrum:

His political programs were strict--he reduced many of the ineffective but divisive splinter parties, ousted or disenfranchised leftist-inclined politicians and officials, and purged Communist and front organizations and those organizations penetrated by sympathizers.

Anti-inflationary steps, many of them unpopular, have been launched: wages are held relatively stabilized, credit is restricted and subsidies reduced. Also begun are long-term programs in expansion of agriculture, transport and basic industries; moves have begun to increase and diversify exports and increase earnings.

Socially he is aiming at the reduction of regional inequalities, the improvement of housing and education, and the exploitation of unused lands.

Moves toward closer relations with the U.S. are visible. Castello Branco has brought about an active participation by Brazil under OAS auspices in the Dominican Republic. His government has encouraged the entry of investment capital, and has signed an

²G. Evert, International Political Division, DCSOPS, Dept of the Army, Personal Interview, 7 Jan. 1966.

investment guarantee with the United States. His programs are receiving American governmental assistance in the form of aid and loans, and a rescheduling of prior debts.³

These programs seem well-thought-out and vital to the solution of Brazil's many problems. They are, however, long-term in nature and will show few immediately visible results. The anti-inflationary moves can be expected to cause short-term hardships and discontent. It can be expected that pressures from poorer regions and groups, and from an exploding population growth, will develop a clamor for more rapid short-term benefits. Vacillation or reversal of these programs can have serious effects and add to the frustration of unfulfilled expectations.

Having known General Castello Branco for twenty years, the author considers him a thoroughly honest, sincere, and dedicated individual. He will pursue his programs with little concern for their, or his, popularity. An election is scheduled for late 1966 with a new government⁴ following in office in early 1967. A possibility exists that Castello Branco might be extended in office, delaying elections. In any event, it seems unlikely that President Castello Branco will govern long enough to insure completion of his principal programs.

With this indefinite political picture, it is difficult to foresee the direction Brazilian policies and affairs will take in

³Ibid.

⁴The Brazilian Constitution prohibits a legally elected president from succeeding himself in office.

the coming decade. Political turbulence, frequent changes of administration, and widespread reaction to austere anti-inflationary measures could lead to abandonment of the reform programs underway. This in turn could have unfortunate repercussions in the already shaky financial structure and re-create an atmosphere of popular dissatisfaction. It is such an atmosphere of general dissatisfaction that would again foster a receptivity for the ultra-nationalist, anti-American themes discussed in this paper.

PROBABLE IMPLICATIONS FOR THE US

A revival of the ethnocentric, introverted trend of Brazilian nationalism of the period 1950-1963 would have unfavorable implications for the United States and for the western democratic bloc of nations. Major implications anticipated in this trend include:

Economic Implications

1. Retarding the development of Brazil as a major economic power contributing to western democratic strength.
2. Prolonging those economic conditions susceptible to insurgency.
3. Increasing/prolonging the demand for United States financial aid.
4. Reducing the availability of major resource reserves.
5. Reducing the capacity of Brazil as a major trade partner.

Political Implications

1. Creating a scene of potential popular unrest and insurgency in the hemisphere (linked to 2. above).

2. Reducing the traditional support afforded to the United States in international affairs.

3. Reducing the solidarity of the OAS in hemispheric affairs.

4. Weakening of Brazil's military effectiveness in hemispheric peacekeeping and defense.

5. Fostering an attitude of neutralism in the East-West confrontation.

6. Increasing Brazilian political/economic involvement with Communist states.

7. Denying the use of strategic land, sea and air areas for military purposes by the western democratic bloc.

Extending these implications to the conclusion of a full success for the Communists in Brazil, the threat to the hemisphere and the United States is intolerable. The creation of a Communist-controlled Brazil, a "Super-Cuba," would destroy the integrity of the OAS. It would probably influence other Latin states to weaken or abandon political, economic, and military ties with the United States. It would provide a large, secure base for the launching of insurgency into other Latin territories. A large bloc of exploitable human and natural resources would pass from the democratic to the Communist camp. In summary, the control of Brazil by the Communists would constitute a major shift in the power structure of the

hemisphere and would require a complete reevaluation and reorientation of North American strategy toward Latin America.

RECOMMENDATION

It is not the purpose of this paper to propose a number of specific policies for adoption by our government. However, a profitable general approach to our relations with Brazil is suggested by the following comment in VISA0, Brazil's equivalent of TIME or NEWSWEEK:

Brazil is a member of the western bloc of nations--but wants to be informed each time a western decision is made. Brazil does not want to be a passive ally nor a simple spectator while other countries adopt decisions which affect us as a power of the western world.

Brazil sees herself as the second largest state in the western world. Her national pride presses her to attain the power position she feels her physical and human resources can bring. Above all, this pride demands visible acknowledgment of her maturity and importance as a world power. If Brazil cannot satisfy this national pride through dealings with her traditional western associates, it seems probable that she will seek satisfaction through other associations. The author suggests that a page be borrowed from the Communists' book and that deliberate efforts be made, by psychological, economic, cultural, and political means, to identify the United States with the modernization and industrialization of Brazil and with her recognition as a major power of the western democratic

⁵Visão, 10 Jan. 1958, Rio de Janeiro, p. 10.

community. In so doing we become associated with, not against,
nationalism in Brazil, and hence deny the use of this strong
emotional weapon to Communists and radical nationalists alike.

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