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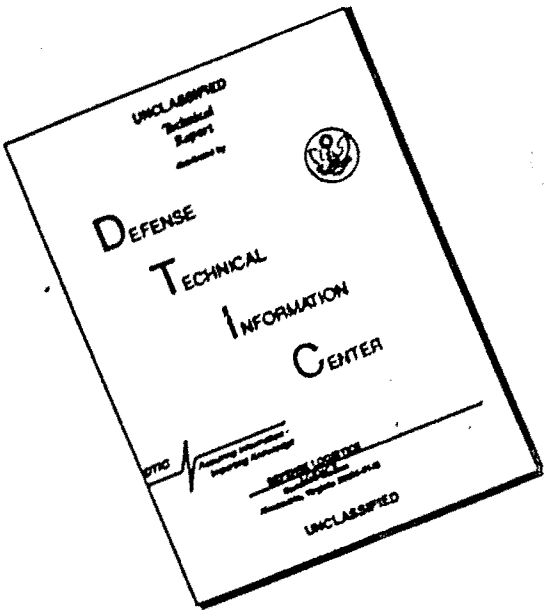

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Brazil
a country study

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The American University
Edited by
Richard F. Nyrop
Research completed
December 1982

On the cover: Statue of Christ, overlooking Guanabara Bay

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Foreword

This volume is one of a continuing series of books written by Foreign Area Studies, The American University, under the Country Studies Area Handbook Program. The last page of this book provides a listing of other published studies. Each book in the series deals with a particular foreign country, describing and analyzing its economic, national security, political, and social systems and institutions and examining the interrelationships of those systems and institutions and the ways that they are shaped by cultural factors. Each study is written by a multidisciplinary team of social scientists. The authors seek to provide a basic insight and understanding of the society under observation, striving for a dynamic rather than a static portrayal of it. The study focuses on historical antecedents and on the cultural, political, and socioeconomic characteristics that contribute to cohesion and cleavage within the society. Particular attention is given to the origins and traditions of the people who make up the society, their dominant beliefs and values, their community of interests and the issues on which they are divided, the nature and extent of their involvement with the national institutions, and their attitudes toward each other and toward the social system and political order within which they live.

The contents of the book represent the views, opinions, and findings of Foreign Area Studies and should not be construed as an official Department of the Army position, policy, or decision, unless so designated by other official documentation. The authors have sought to adhere to accepted standards of scholarly objectivity. Such corrections, additions, and suggestions for factual or other changes that readers may have will be welcomed for use in future new editions.

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

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Preface

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

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

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

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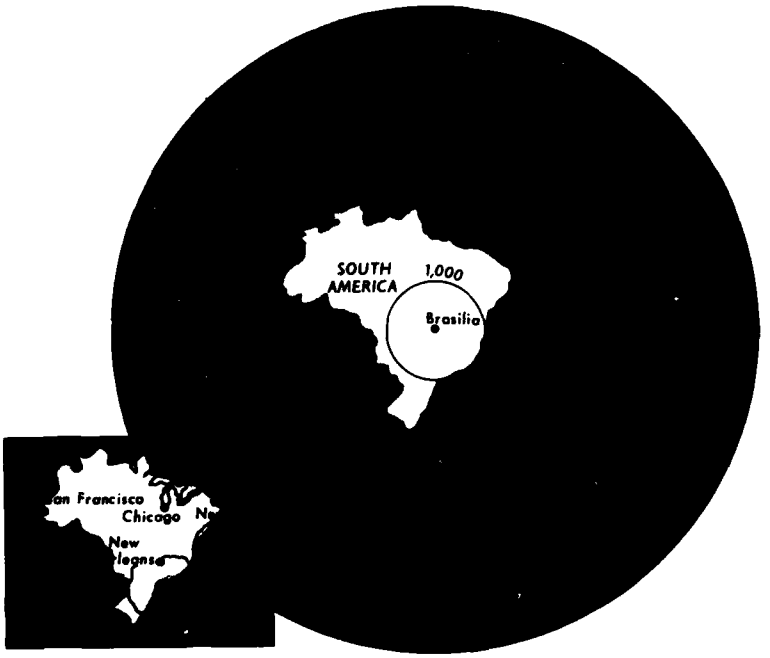
Country Profile



Country

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

Short Form: Brazil.

Term for Citizens: Brazilian(s).

Capital: Brasília.

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Geography

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

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

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

Society

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

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

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

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

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

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

Economy

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

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

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

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

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

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

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

Fiscal Year: Calendar year.

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

Transportation and Communications

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

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

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

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

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

Ports: Eight major and 23 minor ports of significance.

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

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

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

Government and Politics

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

quasi-legislative local councils and local courts.

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

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

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

National Security

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

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

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

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

Figure 1. States and Territories, 1982

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Introduction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

February 1983

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

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

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

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

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

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

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

September 16, 1983

Richard F. Nyrop

Chapter 1. Historical Setting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Portuguese Exploration and Settlement

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

leading European colonial power.

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

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

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

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

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

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

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

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

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

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

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

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

The Colonial Period

The Colonial Economy

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

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

Government and Administration

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

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

The Jesuits

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

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

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

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

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

The African Presence

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

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

The Frontier in the Eighteenth Century

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

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

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

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

Disputes over Borders with Spain

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

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

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

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

The Economy in the Eighteenth Century

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

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

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

Literature and Art During the Colonial Period

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

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

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

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

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

The Transition to Independence

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

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

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

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

The Flight of the Royal Family

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

Manaus
Courtesy Jan Knippers Black

royal family set sail.

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

Relations with Britain

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

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

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

The Approach of Independence

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

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

Early Years of the Empire

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

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

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

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

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

The New Constitution

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

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

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

The Emperor's Troubles

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

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

Establishment of the Regency

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

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

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

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

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

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

strengthened local authorities in the enforcement of the law.

Empire of Dom Pedro II

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

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

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

Problems of Foreign Policy

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

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

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

The War of the Triple Alliance

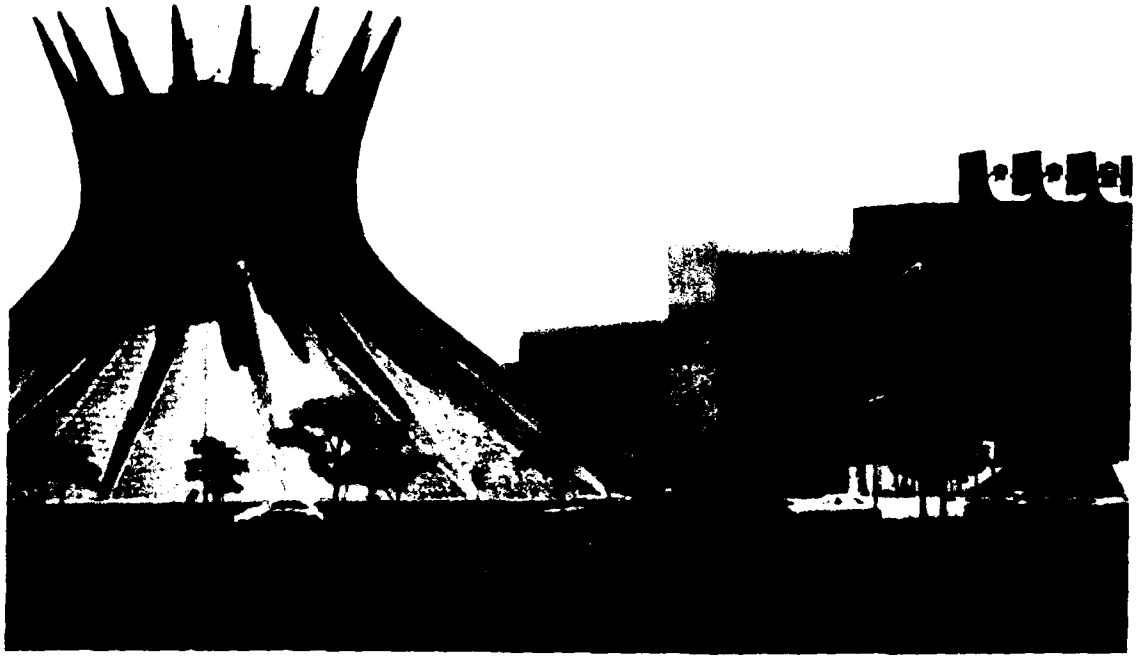
Foreign scholarship has generally accepted the Brazilian view of the war, which is that it was the responsibility of the Paraguayan

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

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

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

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



Cathedral in Brasília
Courtesy Michaël Borg-Hansen

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

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

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

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

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

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

The Economy under the Later Empire

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

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

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

The Slavery Question

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

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

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

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

The End of the Empire

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

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

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

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

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

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

The First Republic

The Military Government

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

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

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

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

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

Peixoto as President

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

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

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

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

Table A. Chiefs of State, 1889–1930

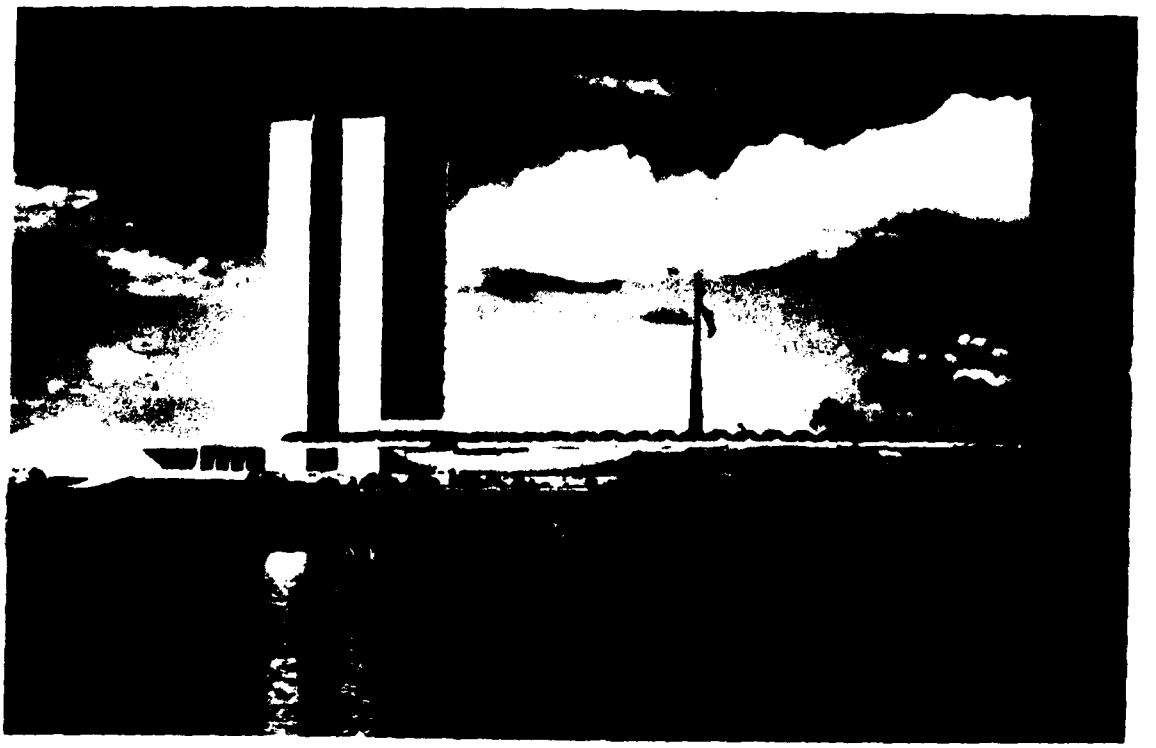
Chief of State	Dates in Power
Marshal Manoel Deodoro da Fonseca	November 15, 1889-November 23, 1891
Marshal Floriano Peixoto	November 23, 1891-November 15, 1894
Prudente José de Morais e Barros	November 15, 1894-November 15, 1898
Manoel Ferraz de Campos Sales	November 15, 1898-November 15, 1902
Francisco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

The Economy under the First Republic

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

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

Campus, University of Brasília
Courtesy Embassy of Brazil, Washington



Convention center, Brasília
Courtesy Embassy of Brazil, Washington

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

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

Politics under the First Republic

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

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

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

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

Politics as Usual

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

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

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

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

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

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

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

economic policy that was to last for many years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

administration's candidate for governor.

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

The Political Crisis of 1930

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

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

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

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

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

The Vargas Era, 1930–45

The Provisional Government

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

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

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

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

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

great Brazilian aviation pioneer, Alberto Santos Dumont.

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

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

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

Economic Crisis and Extremism

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

he was always pragmatic and opportunistic in his policies.

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

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

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

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

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

The Estado Novo

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

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

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

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

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

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

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

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

The Crisis of 1945

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

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

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

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

The Second Republic, 1946–64

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

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

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

President Eurico Dutra

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

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

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

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

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

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

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

Getúlio Vargas

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

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

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

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

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

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

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

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

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

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

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

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

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

The Interregnum

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

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

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

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

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

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

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

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

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

President Juscelino Kubitschek

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

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

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

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

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

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

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

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

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

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

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

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

Political Dynamics under the Second Republic

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

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

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

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

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

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

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

Jânio Quadros as President

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

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

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

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

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

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

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

The Crisis of 1961

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

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

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

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

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

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

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

The Presidency of João Goulart

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

was forcing him to become committed against the left.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Military In Power

The Takeover

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

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

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

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

The Castello Branco Government

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

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

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

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

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

Neighborhood in Brasília
Courtesy Embassy of Brazil, Washington

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

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

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

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

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

President Artur da Costa e Silva

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

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

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

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

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

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

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

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

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

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

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

President Emílio Garrastazú Médici

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

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

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

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

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

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

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

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

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

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

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

The Economy under the Military Regime

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

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

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

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

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

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

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

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

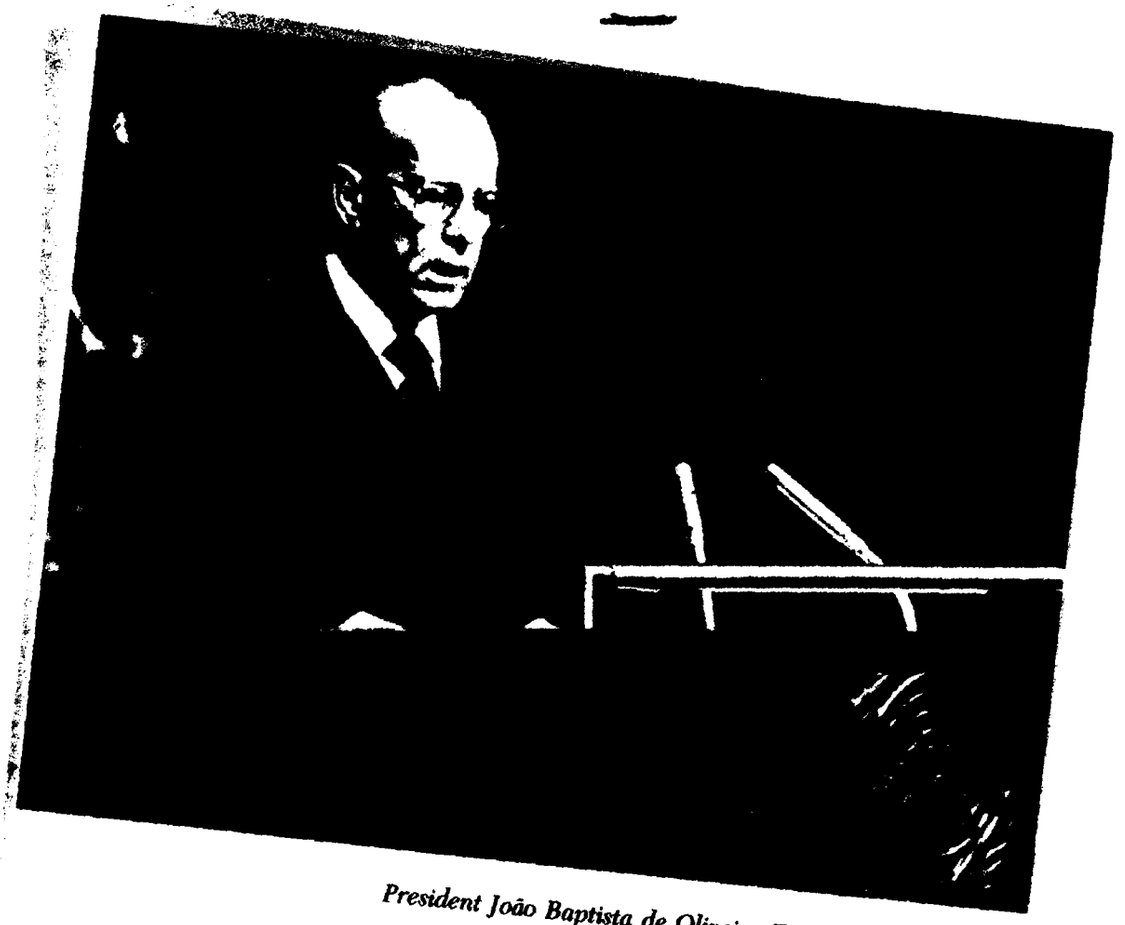
The miracle came to an abrupt end with the sudden rise in world oil prices in 1973. Brazil is a heavy importer of oil; exploration for domestic petroleum deposits was stepped up, and some small deposits were found, but they covered only a small fraction of the country's requirements (see Energy, ch.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

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

President Ernesto Geisel

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

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



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

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

The Abertura, or Political Opening

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

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

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

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

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

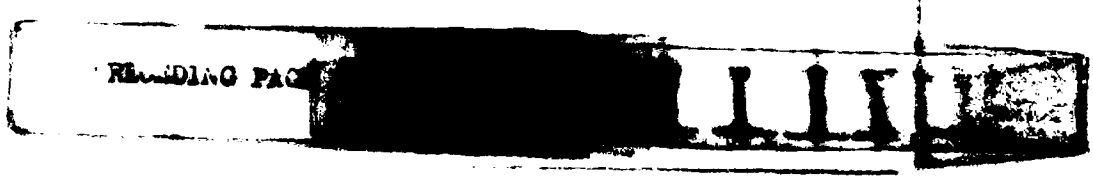
* * *

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

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

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

Chapter 2. The Society and Its Environment



Samba dancer

BRAZILIAN SOCIETY OF THE EARLY 1980s was marked by pronounced regional and ethnic diversity. The country's principal regions include the industrialized and relatively prosperous South and Southeast, the impoverished, agricultural Northeast and its humid littoral and arid backlands, the Center-West, and the Amazon Basin, the latter two only recently opened to large-scale settlement and development. All the regions vary in their economic and political histories; each has been integrated into national life in a slightly different fashion.

Ethnic diversity accompanies the marked regionalism. Descendants of Portuguese settlers, Amerindians, and African slaves comprise the main cultural groups. The Lusitanian heritage has been disproportionate to the absolute numbers of Portuguese immigrants to Brazil; they were colonizers and left their mark on the country's political system and social institutions. Language, kinship, and religion all reflect Portuguese hegemony during Brazil's formative centuries. Amerindian influence is most strongly felt in the Amazon Basin, African in the Northeast. Numbers of European, Middle Eastern, and Asian immigrants came in the nineteenth and early twentieth centuries. Most settled in the Southeast, particularly in Rio de Janeiro and São Paulo, bringing with them significant and diverse skills and training. They remain a mainstay of industrial development.

Rural Brazil is—as it always has been—dominated by large landholdings. Social organization was traditionally based on plantations that were devoted to export crop production and that relied on slave labor. Peasant landholders were relegated to marginal lands. Although they might have played a major role in the local or regional economy, they were, with few exceptions, under the hegemony of plantation owners. Sharecroppers, tenant farmers, and casual laborers replaced slaves after slavery's abolition in 1888, but social relations had changed little by the mid-1980s: few held resources and power.

Paternalism moderated the impact of the more glaring disparities. An elaborate courtesy surrounded the relations between plantation owners and their dependents. The powerless exchanged their labor for land and their loyalty and deference for patronage and protection. The ideal landowner would assist his minions in their need and shelter them from the predations of outsiders. The decline of resident plantation workers in favor of casual, temporary laborers marked the 1960s and 1970s. Economic trends limited the land available to sharecroppers and tenants as well as to the owners of small farms who needed to rent parcels to make ends meet. All these swelled the ranks of casual laborers. The increase in casual labor and the growing number of agribusinesses

and commercial interests owning land served to undermine the traditional norms of patronage and dependency.

Since the 1930s Brazil has had an increasingly mobile, urban population. A "moving frontier" has long characterized agricultural expansion. As soils were exhausted, owners abandoned their holdings to move to virgin lands. Peasants were the frontier's vanguard, clearing forests only to be shunted onto more remote parcels as their holdings came under the purview of plantation owners. Beginning in the mid-nineteenth century, the agricultural frontier moved southward from Rio de Janeiro, toward São Paulo, and thence westward through the states of São Paulo and Paraná. Fueled by demographic growth, the migration continued in the 1960s and 1970s, moving into Goiás, Mato Grosso, and Amazonas. With each advance the latest frontier gradually reestablished the social relations typical of more settled regions. Efforts to use frontier lands to absorb the landless from elsewhere and to develop a class of independent small family farms foundered.

The most spectacular population growth has not been in the rural frontier but in the large cities. Much of the economic-political transformation of the past half-century relates to urban growth. The expansion in industry and commerce and the concomitant rise in the influence of the bourgeoisie are city based. The development of a substantial middle class of educated and skilled employees to staff the burgeoning government bureaucracy and public sector is likewise an urban phenomenon. Increased urbanization—far more than migration to the frontier—has been Brazil's answer to skyrocketing population growth and unrest in the countryside. Sons and daughters of the rural populace have flocked to cities. For much of the 1960s and early 1970s cities provided the rural-urban migrant with a measure of opportunity, if not affluence or security. What the more uncertain 1980s would hold for the enormous and growing numbers of urban, lower class Brazilians remained to be seen.

Geography

The fifth largest country in the world, Brazil encompasses 8,511,965 square kilometers of territory, an area greater than that of the 48 contiguous states of the United States (see fig. 1). It comprises about half of South America's landmass and borders all but two of the continent's other countries along a 15,700-kilometer land frontier. Brazil stretches 4,300 kilometers from Cabo Orange in the north to Lagoa Mirim on its border with Uruguay in the south and a similar distance from Cabo Branco on the Atlantic to the westernmost point on its frontier with Peru. The country's coastline is more than 7,500 kilometers long.

The landscape of Brazil is dominated by two prominent features, the Amazon River and the Central Highlands, a plateau that rises southward from the great river. The Amazon, the world's mighti-

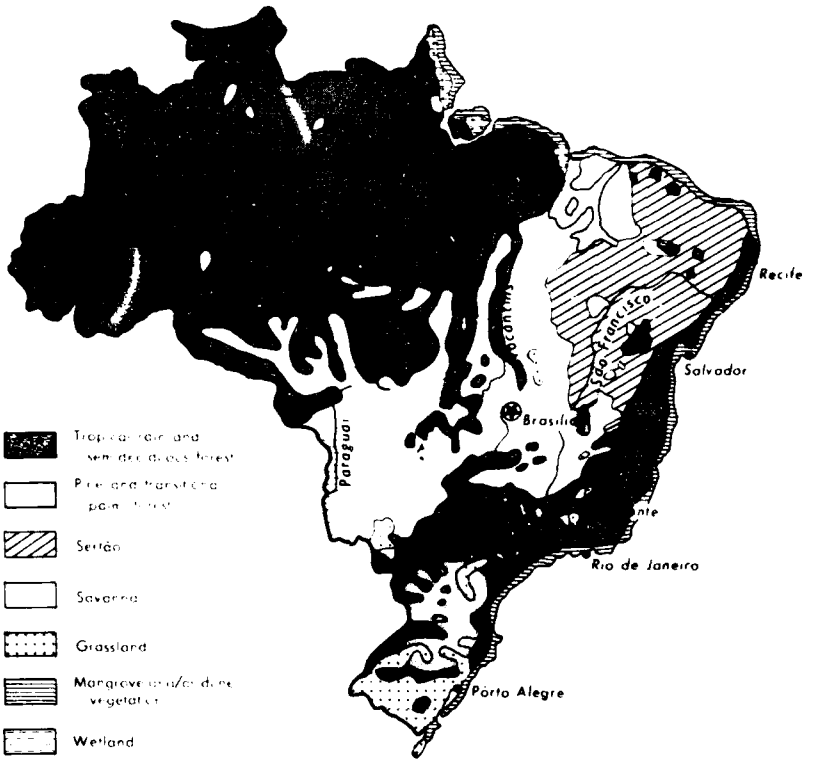


Figure 2. Natural Vegetation

est river in terms of flow of water and second longest after the Nile, cuts laterally across Brazil's northern region, and countless tributary streams drain a vast basin that takes in three-fifths of the national territory. The entire basin, including areas in neighboring countries, supports a tropical rain forest that provides natural replacement for 15 percent or more of the world's oxygen (see fig. 2).

Most of the Central Highlands consist of a tableland varying in altitude from 300 to 500 meters above sea level, broken by a number of low mountain systems and cut by deep valleys. The highlands ascend steeply in the east forming an escarpment, where several peaks attain an altitude of 2,500 meters or more, and then drop precipitously to a narrow Atlantic coastal plain.

According to a system of regional designations introduced in 1970 by the Brazilian Institute of Geography and Statistics (Fundação Instituto Brasileiro de Geografia e Estatística—IBGE), the country is divided into five regions—North, Northeast, Southeast, South, and Center-West (Norte, Nordeste, Sudeste, Sul, and

Centro-Oeste). To facilitate statistical reporting, the IBGE shows the regions as composed of entire states and territories (see table B). As a consequence, they overlap the topographical zones.

Table B. Regions of Brazil, 1980

Region	Area[1]	Percentage of Area	Population	Percentage of Population[2]	Estimated Contribution to GNP[3] (in percentage)
North[4]	3,581,180	42.1	5,170,516	4.4	2
Northeast[5]	1,548,672	18.2	40,309,797	34.2	14
Southeast[6].....	924,935	10.8	47,832,505	40.6	60
South[7].....	577,723	6.8	18,880,831	16.0	21
Center-West[8].	1,879,455	22.1	5,593,477	4.8	3
Total.....	8,511,965	100.0	117,787,126[9]	100.0	100

[1]In square kilometers.
[2]1980 census.
[3]Gross national product.
[4]North includes states of Acre, Amazonas, Pará, and Rondônia and territories of Amapá and Roraima.
[5]Northeast includes states of Alagoas, Bahia, Ceará, Maranhão, Paraíba, Pernambuco, Piauí, Rio Grande do Norte, and Sergipe and territory of Fernando de Noronha.
[6]Southeast includes states of Espírito Santo, Minas Gerais, Rio de Janeiro, and São Paulo.
[7]South includes states of Paraná, Rio Grande do Sul, and Santa Catarina.
[8]Center-West includes states of Goiás, Mato Grosso, and Mato Grosso do Sul and Federal District of Brasília.
[9]Excludes Brazilians abroad. Official 1980 total population: 119,070,865

Source: Based on information from Brazil, Secretaria de Planejamento da Presidência *da República, Fundação Instituto Brasileiro de Geografia e Estatística, Annuário Estatístico do Brasil 1980*, 41, Rio de Janeiro, 1980, 75.

Topographical Zones

Brazil's natural features can be delineated into five topographical zones. These are the Central Highlands, the Guiana Highlands to the north of the Amazon, the Amazon lowlands, the Pantanal, and the coastal plain (see fig. 3). Brazil, which has the lowest mean altitude of any other South American country except Uruguay and Paraguay, officially defines its highlands as areas with elevations in excess of 200 meters above sea level. According to this definition, nearly 60 percent of its territory qualifies as highlands. Barely 4 percent of the total area is over 900 meters in altitude, and only 0.5 percent is more than 1,200 meters.

Central Highlands

The principal highland zone, the Central Highlands, is tilted westward and northward so that rivers rising near its eastern rim, almost within sight of the Atlantic, flow inland for hundreds of kilometers before veering north or south. The highland block displays a variety of minor relief features. The northern and

western half is made up of broad, rolling terrain punctuated irregularly by low, rounded hills. Frequently these hills are given range names but are not high enough to be considered mountains. Southward from the Amazon Basin to the middle of Goiás, the terrain becomes extremely rough. Gradients are precipitous, and passage through them is difficult. In only two places, between Santos and São Paulo and between Paranaguá and Curitiba, does the escarpment rise in a single slope that allows comparatively easy communications between the coast and the interior. Roads frequently traverse many kilometers to reach destinations only short linear distances apart. The 300-kilometer journey from Rio de Janeiro to Belo Horizonte in Minas Gerais, which can be completed in little more than an hour by air, takes nearly a day by rail.

In this rugged context, remnants of crystalline rock have been weathered by nature and stand above the general level as mountains, but only in a few places do they extend above the timberline at 1,800 to 2,000 meters. The Serra do Mar parallels the coast for 1,500 kilometers from Santa Catarina to Rio and continues northward to Espírito Santo as the Serra dos Orgãos. This extended range has a mean crest of about 1,500 meters topped by peaks above 2,000 meters, including Pedra Açu, which rises to 2,300 meters just west of Rio.

The Serra do Mar is so near to tidewater in many places that it rises almost directly above the shore. Elsewhere, the descent is over a series of parallel steps with a valley at each interval, and it recedes to leave a narrow littoral varying from 30 to 60 kilometers in width. There are passes below 900 meters in only two places, where the Rio Paraíba do Sul and the Rio Doce have cut their way through the escarpment north of Rio. The valleys of these streams, however, are blocked off from the interior plateau by a second range of mountains in Minas Gerais, the Serra da Mantiqueira. This range is the highest and most rugged of the Central Highlands, and it includes Pico da Bandeira, which at 2,898 meters is the highest elevation in the zone and the third highest in the country.

A third significant range of mountains traverses a north-south axis from central Minas Gerais northward into Bahia. Appropriately named the Serra do Espinhaço (Backbone Mountains), it forms a spine that determines the drainage divide between the Rio São Francisco to the west and the short streams that tumble eastward to the Atlantic. The range is important because of the great wealth of minerals that it contains. Sometimes the Serra do Espinhaço and the Serra da Mantiqueira and its southward-extending spurs are referred to collectively as the Serra Geral.

Guiana Highlands

Occupying only about 2 percent of the national territory, the Guiana Highlands is a sparsley populated, largely undeveloped area

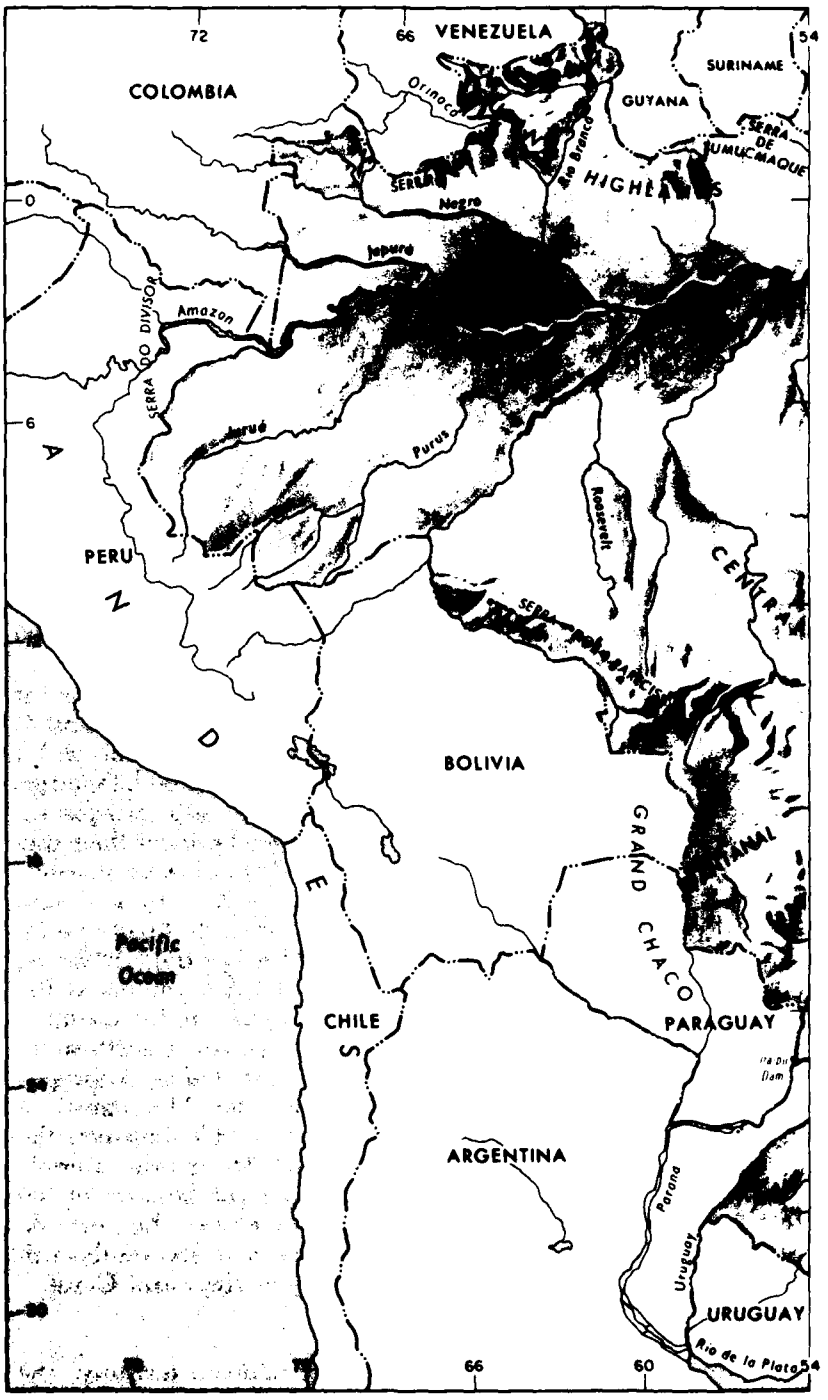


Figure 3. Topography and Drainage

54
FRENCH GUIANA
Cabo Orange
SERRA DO TUMUCUMAQUE
SERRA DO ACARAI
SERRA DO ANTICUERI
International boundary
National capital
0 100 200 300 Miles
0 100 200 300 Kilometers

north of the Amazon. The highland slopes facing to the northwest receive heavy equatorial rainfall, making them the source of countless streams that descend in rushing falls and rapids to tributaries of the Amazon and the Río Orinoco. None of these watercourses is navigable to any distance upstream, and consequently they contribute little to the development of the considerable mineral and woodland wealth believed to exist near their headwaters. The southern slopes, by contrast, are arid and stoney.

These highlands form part of an immense plateau extending into Venezuela, Guyana, Suriname, and French Guiana, and the mean altitude is much more impressive than that of the Central Highlands. The crest of ranges constitutes the divide between drainage northward to the Orinoco in Venezuela and westward to the Amazon and divides Brazil's borders with its northern neighbors. At an elevation of 3,014 meters, the Pico da Neblina in the Serra Imeri is Brazil's highest mountain.

Amazon Lowlands

The most extensive lowlands lie in the Amazon Basin. Fertile strips of riverine land (*várzeas*) are located along the courses of major rivers and are subject to frequent flooding, but the lowland region is characterized by gently undulating terrain, classified as high ground in a flooded area (*terra firme*), and has elevations sufficiently varied to permit rainwater to drain off into streams.

Although the Amazon lowlands include rolling savanna areas, particularly on the plains in the northwest, the prevailing cover is tropical rain forest (*selva*). It is estimated that 80 percent of the soils there are subject to loss of topsoil through erosion, which amounts alarmingly to as much as five tons per hectare annually when forest cover is removed for agriculture. A government study released in 1974 concluded pessimistically that for this reason much of the Amazon lowlands would be suitable only for grazing rather than for colonization by farmers as had been promoted by government planners. The better soils in the region are purple earth (*terra roxa*), which results from the decomposition of dibasic and basaltic rocks and occurs principally in a stretch of land north of the Amazon between the Xingu and Tapajós rivers.

Pantanal

A second lowland area, the Pantanal, is an extension of the Grand Chaco plain in Mato Grosso do Sul and is part of the Río de la Plata Basin. The floor of this lowland is largely swamp and marshland, with an average elevation of 150 meters above sea level. Away from its many streams, which make up the headwaters of the Rio Paraguai, sedimentary deposits have left the soil suitable for varied agriculture. The area is too wet to support forest growth other than lightwoods that grow on patches of high ground and are valued for construction material. A long dry season with lower temperatures, coupled with the presence of fertile

alluvial soils, is conducive to good pasturage for cattle raising, the principal economic activity in the Pantanal (see fig. 4).

Coastal Plain

The third and most highly developed lowland area is the narrow strip of coastal plain that extends along the entire length of Brazil's Atlantic seaboard. Comprising only 8 percent of the total area, the coastal plain contains nearly 40 percent of the country's population. North of the mouth of the Rio São Francisco, it widens to exhibit the luxuriant growth typical of the Amazon Basin. South of the Cabo São Roque it remains tropical, merging into subtropical, and narrows to a mere ribbon of land, 100 kilometers at most in width, at the foot of the escarpment. In some places, particularly between Rio de Janeiro and Santos, the plain disappears entirely where the highlands cascade directly to the sea. Near its southern extremity in Rio Grande do Sul, it widens into the rolling grasslands that merge with the pampas of Uruguay.

Climate

There are three major climatic regions. Almost all of the North, the coastal plain as far south as the state of Rio de Janeiro, and the northern half of the Central Highlands are tropical areas with heavy rainfall and elevated temperatures. A second region lies in the southeast portion of the Central Highlands and along the coast to the southern portion of the state of São Paulo. Wind movements in the uplands and ocean currents on the coast temper the effects of the latitude and maintain subtropical climatic conditions. The South constitutes a third region, where the predominantly temperate climatic conditions are affected by Antarctic air currents when the sun is north of the equator.

Except in the South, the seasonal change in temperatures is not extreme. It is along the northern coast, straddling the equator, that the highest temperatures have been most consistently recorded, and temperatures in the Northeast average several degrees higher than those in the interior of the Amazon Basin. Far to the south and on the rim of the tropics, the city of Rio de Janeiro has an average mean temperature of 24°C, less than 3°C lower than that of Manaus on the Amazon. Summer temperatures in the South do not differ markedly from those of the Southeast, but winter readings are much lower there, and frosts occur.

In most areas, seasons are marked by rainfall cycles determined by latitude and elevation. For example, rainy seasons vary from October to March in São Paulo, April to October in Recife, and January to June in the Amazon lowlands. Summer outside the equatorial belt is from December to February. Winter is a relatively drier season. Over much of the country, annual precipitation ranges from 1,000 to 2,000 millimeters. Exceptions are the Amazon Basin and northern coast, where annual rainfall regularly exceeds 2,000 millimeters, and the backcountry (*sertão*) of the

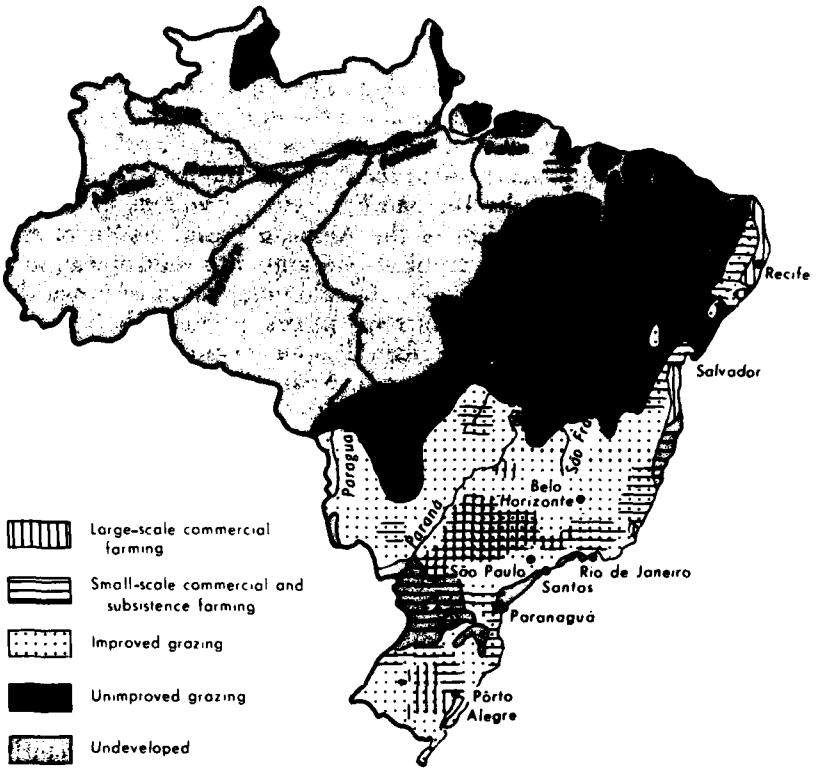


Figure 4. Land Use

Northeast, which experiences frequent droughts and where rainfall is frequently less than 1,000 millimeters a year.

The *sertão* lies in the so-called polygon of drought that encompasses more than 10 percent of the country's territory. Rainfall deficiency there is reflected in occasional drought, however, rather than perennial inadequacy. The area averages about 750 millimeters annually, but a locality receiving 1,000 millimeters or more in one year may get as little as 200 millimeters of rain the next. Moreover, the rate of evaporation is very high. Floods and drought are equally common, and about the only certainty is that rain will not fall during the dry season, a period that at a minimum spans the months from July to January.

Hydrography

Brazil's river systems are among the world's most extensive. No other three rivers combined equal the Amazon's flow of 300,000 kiloliters per second that is discharged into the Atlantic, and silt

discoloration can be observed more than 300 kilometers seaward from its mouth. The main stream of the Amazon rises in the western Andes less than 100 kilometers from the Pacific Ocean and flows 6,400 kilometers from its source to the Atlantic. Altogether there are more than 200 rivers in the Amazon system, which drains 60 percent of the country. Of the Amazon's 18 major tributaries, 10 measure longer than the Mississippi River. The greatest of these is the Rio Negro, which has its source in Colombia in the watershed between the Río Orinoco and that of the main stream of the Amazon. The principal tributaries of the 3,200 kilometer-long Rio Madeira, the second longest tributary, rise in the Bolivian Andes and in the Pantanal, a region also drained by the Río de la Plata system.

During its course eastward across northern Brazil, the Amazon drops only about 440 meters. It is navigable by oceangoing vessels as far as Iquitos in Peru; Manaus, more than 1,200 kilometers inland from the coast, is a significant port. Smaller craft ply the Rio Madeira to Pôrto Velho, near the Bolivian frontier.

Other major streams rise in the Central Highlands. The Rio Xingu and Rio Tapajós are major tributaries of the Amazon. The Rio São Francisco has its source in the Serra da Canastra in Minas Gerais and flows northeastward for 1,500 kilometers along a line parallel to the coast before turning eastward toward the sea. The river drops nearly 700 meters at the Paulo Afonson Falls about 250 kilometers from its mouth. The Rio Doce has carved a deep valley through the Serra dos Aimorés to a broadening in the coastal plain in Espírito Santo, where it finds its outlet to the sea. From its headwaters in the Serra do Mar, the Rio Paraíba do Sul flows eastward through a rift between two ranges before emptying into the sea at Cabo São Tomé. The line of communication between the cities of São Paulo and Rio de Janeiro lies along the river valley.

The Rio Tocantins rises in Goiás in highlands near the Federal District and flows northward, widening into an estuary where it becomes the Rio Pará. The river is linked to the Amazon in the delta region by the Rio de Breves, a network of navigable waterways that rounds the Ilha de Marajó on the south and west.

Although many rivers of the Central Highlands originate close to the sea, the westward inclination of the plateau causes most of them to flow inland, into the Río de la Plata system. All of these streams are interrupted in their flow by falls and rapids as they descend from the highlands, and consequently they are navigable only for short stretches. Of the three major rivers forming part of the Río de la Plata Basin in Brazil—the Rio Paraná, Rio Paraguai, and Rio Uruguay—the Paraná is the largest and the one receiving the waters from most of the tributary streams generated in the southern part of the Central Highlands. From its headwaters in Goiás, near those of the Rio São Francisco and Rio Tocantins, the

Paraná flows southward and forms part of the frontier with Paraguay on its course to the estuary of the Río de la Plata. One of its important Brazilian tributaries, the Rio Iguaçu, plunges more than 700 meters over a six kilometer-wide stretch of cataracts near its confluence with the Paraná.

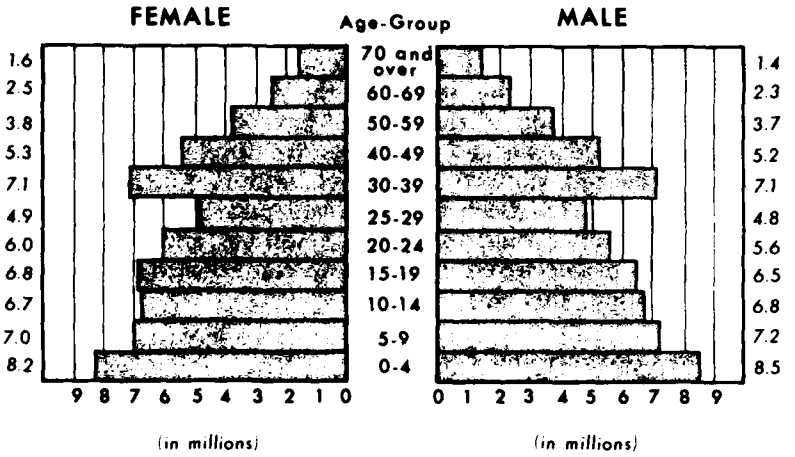
Sluices were closed in October 1982 on the 1,500-meter-high Itaipu Dam across the Paraná just west of the Iguaçu Falls. The dam, a joint Brazilian-Paraguayan undertaking designed primarily to provide energy for the cities and industries of the Southeast, is the world's largest hydroelectric project. Waters backed up by the dam will create a 325-kilometer-long, 1,500 square-kilometer artificial lake on the Paraná, eventually covering the cataracts of the Guaíra Falls.

Population

The 1980 decennial census reported the number of Brazilians at 119 million, making Brazil the world's sixth most populous country. This figure compared with 93 million counted in 1970 and 71 million in 1960, and it represented about one-third of the total population of Latin America. On the basis of reported data, the average annual rate of growth during the 1970s was 2.4 percent, reduced from 2.8 percent during the previous decade and 3.1 percent in the 1950s. The effect of a sharp decline in the birth rate in reducing the rate of increase still further is offset, however, by a significant rise in life expectancy and by an expanding number of women of childbearing age, estimated to reach 35 million in the 1980s. Projections indicate that Brazil's population will pass the 200 million mark by the turn of the century and that growth will continue at a gradually slowing rate, eventually stabilizing, according to the minimum estimates, at about 300 million.

Structure and Dynamics

Brazil's population in 1980 was characterized by its youth, but a decline was noted from the 1970 census in the percentage of Brazilians under the age of 20 in the country's total population. About 37 percent of those counted in the 1980 census were under the age of 15 and 48 percent under the age of 20, compared with figures of 43 percent and 53 percent for the same age brackets reported in 1970. More than 12 percent of the total were 50 years old and over, and 6.4 percent were over 60, representing increases in those categories from the previous census (see fig. 5). The changes reflected a dramatic lowering of official birth and death rates, which were calculated at 34 per 1,000 and 7.3 per 1,000, respectively, in 1980. During the same decade, life expectancy rose from 59 years to an estimated 63 years, 60 for men and 65 for women. A particularly impressive increase in female life expectancy has been credited to the substantial reduction in deaths related to childbirth. The IBGE pointed out, however, that the



Source: Based on information from Brazil, Secretaria de Planejamento da Presidência da República, Fundação Instituto Brasileiro de Geografia e Estatísta, *IX Recenseamento Geral do Brasil—1980*, 1, Pt. 1, Rio de Janeiro, 1981, 12.

Figure 5. Age-Sex Pyramid, 1980

incompleteness of birth and death registrations, particularly in the more remote areas of the country, has been such that considerable allowance must be made for margins of error in reported data.

Brazil's population doubled in size during the three decades 1930 to 1959, and it increased from 50 million in 1949 to an estimated 100 million by 1972. The best indicator that the rate of population growth has passed the peak registered during that period is the sharp reduction in fertility among women of potential childbearing age sustained during the 1970s. Estimates made in 1976 showed that an average of 2.4 offspring had been born to each woman in the 15-to-49 age bracket; an average of two children survive the first year of life. Of greater consequence, the projected total fertility rate dropped from 5.3 children per woman reported for 1970 to a figure estimated at between 3.9 and 4.3 children per woman in 1980, depending on reports from various sources. Studies also concluded that women were having their first child at a later age in the 1970s than in the previous decade. It is expected, however, that the optimum effect of the trend toward fewer offspring per childbearer on reducing the rate of population growth will be offset for some years by the greater numbers of women entering the birth cohort in the 1980s, as a result of the considerably higher birth rate that prevailed in the 1960s.

Overall population density in 1980 was calculated at a relatively sparse 13 persons per square kilometer, but 90 percent of Brazil-

ians were concentrated in three regions—the Southeast, the Northeast, and the South—which together constitute only 35 percent of the country's total area. Several underpopulated areas—Paraná in the South, the states in the Center-West, and the remote Amazon region in the North—have been especially targeted for new settlements and more intensive development. Despite government-backed projects to attract settlers to these areas, internal migration has been characterized principally by population transfers from a rural to an urban setting, and the greatest rate of growth has occurred in the urban centers of the Southeast (see Urbanization, this ch.).

Population Problems and Policy

Traditionally, Brazilians have looked favorably on rapid population expansion, and official policy, insofar as one existed, was defined as pronatalist. Tax incentives and maternity bonuses encouraged large families. Sustained population growth was deemed essential for the settlement and development of the "new lands" on the Brazilian frontier. Furthermore, the effective occupation of that sparsely populated area was linked to Brazil's ability to maintain sovereignty there and, thereby, to considerations of national security. As industrialization progressed, political and business leaders cited a close correlation between income growth and population growth, and the perception was commonly stated that a reduction in the population growth rate during a time of rapid economic development would not be desirable. Popular resistance to population planning was also related to the status derived from producing big families. The Roman Catholic Church opposed contraceptive birth control on theological grounds, although in practice the church in Brazil gave greater emphasis to other issues. Brazilian attitudes toward population growth and opposition to population control, therefore, were based to varying degrees on political, economic, cultural and moral grounds. By the 1960s, however, a small but growing number of critics were arguing that unrestrained population growth was impairing the quality of life.

Limited support for the introduction of population measures surfaced in 1965 when members of the medical profession took the lead in urging family planning as an alternative to the widespread incidence of induced abortion. The following year medical groups cooperated in founding a private organization, the Family Welfare Society (Sociedad de Bem Estar Familiar—BEMFAM), to publicize the need for family planning and to sponsor birth control clinics. By 1978 BEMFAM was assisting 280,000 women annually in adopting and maintaining birth control regimens through community-based programs operated in several states with government cooperation. In addition, it concluded both formal and informal agreements with government agencies and other private groups to provide advice in organizing family planning services.

BEMFAM clients, who in 1978 represented about 1 percent of all married Brazilian women of childbearing age, came largely from upper and middle-class backgrounds. Outreach to women in the lower socioeconomic strata was hampered by the magnitude of the problem in relation to BEMFAM's resources. There nonetheless were some indications in the early 1980s that the poor were having fewer children.

In 1973 a working group composed of representatives of various government ministries prepared for the first time a definite national population policy statement in preparation for Brazil's participation in the United Nations-sponsored World Conference on Population, held the following year in Bucharest. Although strongly denouncing foreign-inspired population control as a means of dealing with social and economic problems in underdeveloped countries, the Brazilian delegate to the conference conceded in an address that it was the responsibility of government to provide birth control information and means to families of limited income. Significantly, Brazilian presence at the conference coincided with the drafting of the Second National Development Plan (II Plano Nacional de Desenvolvimento), for the period 1980-85, which confirmed the correlation between population and economic growth but added that it was the government's policy "to respect the right of each family to decide how many children they want." "Families have complete freedom," the statement concluded, "to choose the number of children they desire." This marked a move from an implicit pronatalist position to one of laissez-faire on the question of population control, and it was widely interpreted as benevolent toleration of private and government family planning activities.

The world recession of the late 1970s and early 1980s and the surge in energy costs confronted government planners with the prospect of leveling off of economic growth while population continued to increase, despite the reported decline in the birth rate. In 1977 the federal government introduced a new national health plan that included provisions to make contraceptives available to prevent "high risk" pregnancies. Overriding economic concerns were later cited, however, to explain the government's failure to follow up with further expenditures on family planning programs. On the official level, Brazil in the early 1980s still resisted macroeconomic arguments for population control on the grounds that current economic underdevelopment and not projected overpopulation lay at the roots of the country's problems. Population growth, according to government sources, had not been demonstrated to be detrimental to economic growth.

Cultural Regions

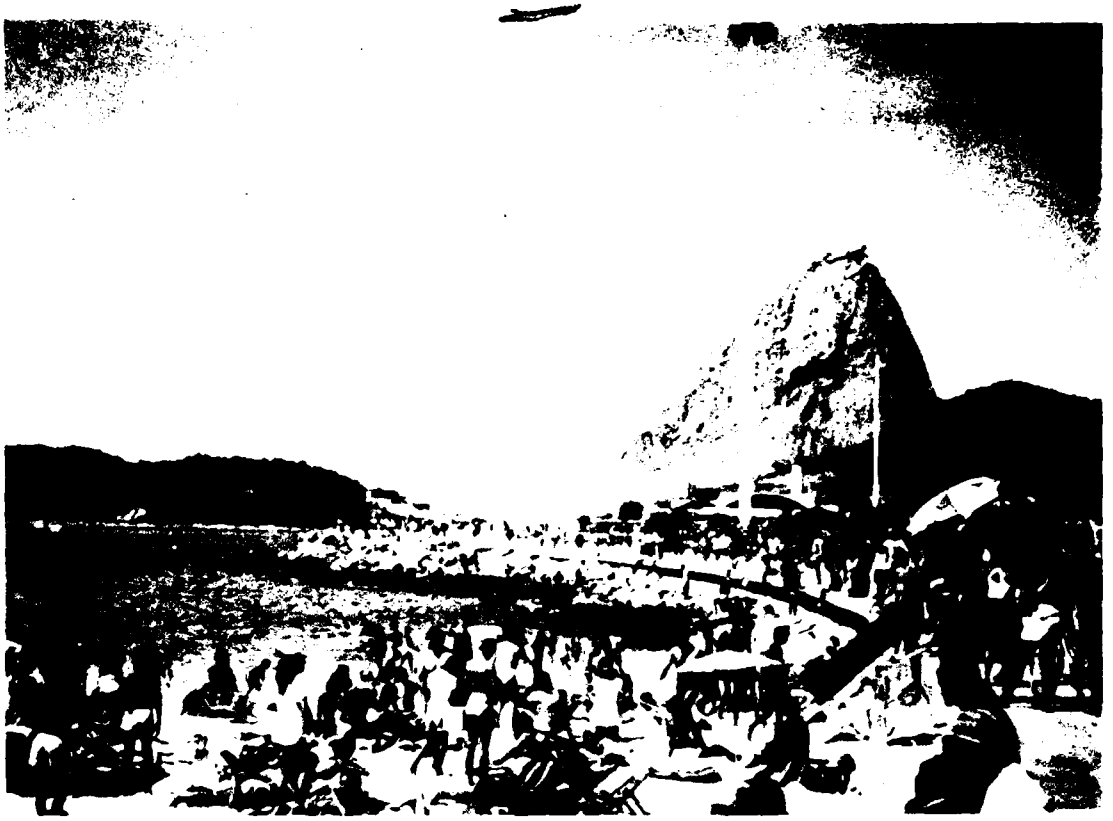
Pronounced regionalism has long characterized Brazilian culture; numerous barriers discouraged communication among the far-flung settlements of colonial-era Brazil. The captaincies (colon-

ial administrative units) were virtually autonomous entities subordinate only to Lisbon (see Portuguese Exploration and Settlement, ch. 1). The country's varied history and diverse geography are reflected in contemporary social, political, and economic cleavages.

Although federal legislation divides Brazil into five main regions, social scientists suggest other relevant divisions. Anthropologist Charles Wagley, for example, delineates six cultural regions: the Northeast coast (part of Rio Grande do Norte, eastern Paraíba, Pernambuco, Alagoas, Sergipe, and Bahia); the *sertão* (large amounts of Maranhão, Piauí, Ceará, Pernambuco, Rio Grande do Norte, Sergipe, Alagoas, and Bahia); the eastern highlands (most of Minas Gerais and western Espírito Santo); the South (Rio de Janeiro, São Paulo, Santa Catarina, Rio Grande do Sul, and part of Paraná); the Amazon Basin (most of Amazonas, Roraima, Amapá, Pará, Acre, and part of Rondônia); and the Far West (Mato Grosso, western Paraná, parts of Goiás, and part of Rondônia).

Most of the regions are associated with a specific "boom-bust" cycle of the economy. The Northeast coast came to the fore during the sixteenth-century sugar boom only to be eclipsed by the rise of the Caribbean sugar producers in the next century. Settlers flocked to the eastern highlands after the discovery of gold and diamonds in the 1700s, but the gold was played out by the early 1800s and the diamonds faced an uncertain market. The South was the scene of the coffee boom (mid-nineteenth to early twentieth centuries); and the Amazon Basin gained world notoriety during the rubber boom (ca. 1850-1910). The far South and the *sertão* were regions of large-scale cattle ranches; small farmers dominated the mountainous areas of the South. Neither area enjoyed the prominence of other regions associated with "boom" prosperity. Each boom had slightly different beneficiaries; each regional economy gave rise to a slightly different elite and social institutions. Brazil entered the modern era with sugar, cotton, coffee, rubber, and cattle "aristocracies."

The regions' varied economic histories combine with the inhabitants' diverse ethnic background to create a cultural mosaic. The northeastern coast was settled principally by Portuguese and Africans. The region's dominant social institution was the sugar plantation and mill, tied to export markets and relying on slave labor. Towns and commercial centers were the appurtenances of the plantation; in terms of social relations the plantation was a world unto itself with its own artisans, carpenters, smiths, and frequently its own chaplain. The plantation owners of a given neighborhood were often a tightly knit group bound by ties of blood and marriage. The sugar plantation established the pattern of landholding and land use characteristic of contemporary Brazil; large plantations (*fazendas*) monopolize the best land while small landholders are relegated to the fringes. The northeastern coast remains heavily marked by the heritage of its African slaves (see



Flamingo Beach and Sugar Loaf
Courtesy Jan Knippers Black

Afro-Brazilians, this ch.).

The *sertão,* by contrast, was a region of mestizos (a mixed population of Portuguese and Amerindian descent). Here, too, large *fazendas* were the rule, and a few "territorial magnates" held the most desirable holdings. Nonetheless, cattle ranching relied on a regime of free labor; the cowboy (*vaqueiro*) who tended the owner's herds received a portion of each year's calves, and some *vaqueiros* managed to accumulate their own herds and become independent ranchers. The *sertão* is subject to periodic droughts that can be appalling in their impact (see Geography, this ch.). The late 1870s drought, for example, decimated virtually the entire livestock herd and, from the combined effects of starvation and disease, nearly half the region's human population. Migration is the Nordestino's (inhabitant of the Northeast) primary adaptation to drought; droves leave in bad years only to return at the first rumor of rain in the *sertão*. The government began organizing public works projects to relieve drought-stricken areas in the 1950s; the ideal landowner assures his workers either employment on these projects or makeshift work on his *fazenda*.

During the colonial period armed explorers (*bandeirantes*) tracking westward from the region of present-day São Paulo discovered

the placer gold and diamonds of the southeastern highlands. The *bandeirantes*, Luso-Brazilians heavily influenced by and miscegenated with Amerindians, were the region's initial settlers. They were supplanted by newly arrived Portuguese (many of them from the Azores) and by Afro-Brazilian slaves as word of gold spread. No export crop took the place of gold as the mines played out, and the area never became a region of vast landholdings dedicated to monocultural production. Mixed agricultural production on mid-sized, commercialized farms remains the rule in these rural areas (see Agriculture, ch. 3). Perhaps because the highlands lacked the disruptive influence of plantation agriculture and export-crop "boom-bust" cycles, the region remained a bastion of traditional Luso-Brazilian culture through the 1960s. Religious practices of Iberian origin, such as the religious brotherhoods (*irmandades*), persisted longer than in most of the country. In remoter areas artisans and craftsmen, as well as small-scale itinerant traders, held their own against industrial manufacturers and large-scale commercial enterprises well into the 1950s.

The Amazon Basin, locale of the world's largest tropical forest, has since its discovery offered Europeans a tantalizing vision of ready wealth and natural bounty. Until the mid-nineteenth century, however, the region languished as an economic backwater. Colonial-era settlement was limited to the lower reaches of the Amazon, where the Portuguese set up stations for slaving expeditions against the Amerindians of the region, while the Jesuits organized missions in the hinterland in an effort to protect the Indians from the slavers. As the Indian population declined, an extractive economy furnishing cacao, cinnamon, vanilla, cloves, and the like took the place of slaving. Culturally, the basin was and is an Indian and Luso-Brazilian mix. Amazonian Portuguese is marked by borrowings from Tupí-Guariní (the Amerindian language used by the Jesuits as a lingua france). Local place-names, plants, and animals are largely of Tupí derivation. Likewise, religious practices include all the standard Iberian trappings combined with a variety of Indian customs.

The Amazon boomed with rising demand for rubber in the late nineteenth century. Population grew more than six times and regional income some 12 times between 1850 and 1910 (when the market collapsed). The "rubber barons" relied on Indians and Nordestinos imported from the drought-stricken *sertão* to tap the dispersed rubber trees; both groups suffered from a labor regime that was little better than slavery. Those who survived formed the nucleus of the Amazon's peasant population. In the wake of the rubber boom, the Amazonian peasant earned a livelihood through mixed horticulture, hunting, fishing, and trading.

There was renewed interest in the Amazon's mineral wealth and agricultural potential in the 1960s and 1970s. Changes in the legislation governing mineral concessions and the readiness of

state companies to form joint ventures with foreign corporations increased exploration and mining (see Mining, ch. 3). There were a variety of colonization schemes, the notion being that the unpeopled reaches of the Amazon forest were a safety valve to absorb the land-hungry peasants of the Northeast. Amazonian peasants and small farmers from the South responded to government incentives to colonize the region as frequently as did the landless Nordestino. Colonists from within the region itself had the advantage of a detailed knowledge of local soil types, plant life, and crop conditions. (One study showed that the yields of local peasants's plots were double that of the newcomers.) Those with previous farm management experience tended to outperform landless laborers. In the mid-1970s the government changed the structure of incentives to encourage larger holdings, particularly cattle ranches.

The Far West, i.e., the western part of the North, is Brazil's frontier zone and bears some resemblance to the current settlement of the Amazon. In both areas there is a characteristic "frontier mentality" most often compared to that of the Old West of the United States. Both regions pit settlers against each other in virtually chronic conflicts; land disputes permeate every level of society. A measure of lawlessness surrounds land possession, and arguments are frequently settled violently (see Rural Society, this ch.). The sheer numbers of settlers have meant problems; Rondônia's population grew more than twelve and one-half times in the 1970s alone. The region tend to be ethnically diverse. Wagley describes a settlement in western Paraná founded in 1945 that, by the early 1970s, had eight Protestant churches, a Roman Catholic cathedral, and a Buddhist temple. Its population included Luso-Brazilians, as well as descendants of Italian, Spanish, Portuguese, Japanese, German, and Polish immigrants.

The South is both culturally diverse and economically differentiated. Rio de Janeiro grew as a port during the Gold Rush. São Paulo was originally settled by *bandeirantes* who ranged through the interior in search of gold or, failing that, Indian slaves. The region languished until the rise of coffee production.

The coffee boom gave the country not only a new set of wealthy plantation owners but also substantial numbers of Italian and Japanese immigrants brought to Brazil following the abolition of slavery (see Immigrants of the Nineteenth and Twentieth Centuries, this ch.). Cattle ranches and, more recently, rice plantations cover the pampas of the far south; the mountainous regions of Santa Catarina and Rio Grande do Sul were settled by European immigrants in the nineteenth century and remain the dominion of small farmers.

A sense of well-being increases from the Northeast to southern Brazil. The Northeast as a whole accounts for half of Brazil's poor;

it represents the single largest concentration of poverty in the Western Hemisphere. The Southerner can expect to eat better (in terms of both calories and protein) and live longer. The South and Southeast enjoy a substantially greater share of national income. In the late 1970s the Nordestino earned less than 40 percent the income of his or her counterpart in São Paulo (*paulista*). Even the lower 50 percent of the economically active population of the South earned more than double the Nordestinos as a whole. Illiteracy rates in the Northeast are 30 to 40 percentage points higher than in the South. Nearly 100 percent of primary-school-age children in the South are enrolled, two-thirds in the Northeast.

Ethnic Patterns

Luso-Brazilians

Lusitanian influence in Brazil is disproportionate to both the absolute numbers of Portuguese immigrants and Portugal's international influence even in the sixteenth century. If only because of crown policy, Portuguese predominated among colonial immigrants. They were a motley crew: Madeirans and Azoreans, having experience with sugar plantations, came early on, accompanied by nobles and soldiers (who frequently received immense land grants), order priests, "New Christians" (formerly Jews, usually forcibly converted), and a variety of exiled criminals. They shared the stage with the French, Spanish, Dutch, Africans, and Indians. Colonial Brazil was an ethnic hodgepodge with a distinctly Portuguese cultural backdrop (see Portuguese Exploration and Settlement, ch. 1).

It was the Portuguese who left their mark on the social institutions and political system of the country. Language, kinship, and religion reflect Lusitanian influence. Both the Portuguese and Brazilians faithfully revere many of the same saints. The religious festivals (*festas*), so prominent a feature of colonial and modern Brazil, are Iberian transplants. Colonial cities followed a peculiarly Portuguese model in their lack of planning. Bahia, Olinda, and Rio de Janeiro, observers note, were similar to Lisbon and Pôrto.

Amerindians

In the early 1500s Brazil's indigenous population numbered roughly 4 million. Most were concentrated along major rivers and a few strips of fertile coastal land. The Amazonian floodplain and the *várzeas* required careful management but were the most productive lands available. The river itself furnished a supply of large aquatic animal protein. Population density reached moderate levels, and social differentiation among the riverine villagers was marked. Away from the larger rivers were scattered groups of swidden (slash-and-burn) horticulturists and nomadic hunters and gatherers. Both groups were dispersed. Even horticulturists relied on game for protein; neither forest nor stream afforded a supply to support a dense population.

Iguaçu Falls, Brazilian side
Courtesy P.A. Kluck

In the early 1980s there remained roughly 200,000 Amerindians. Colonial contact brought smallpox, whooping cough, yellow fever, and malaria. The rubber boom took a toll on many tribes previously spared. Roger Casement, a British civil servant who investigated charges against a company particularly active in the rubber trade, found that the number of Indians along the Rio Putumayo dropped from 50,000 to 8,000 from 1900 to 1910; each ton of rubber produced cost seven Indian lives.

In the decades following the rubber boom, most contact that Indians had with outsiders was limited to the occasional missionary or trader. The 1960s-1970s push westward and into the Amazon Basin changed this. Both the volume of migration and the kind of regional development posed problems for the Indians. Measles, influenza, and respiratory ailments decimated tribes lacking resistance to these and similar diseases. Roadbuilding, colonization projects, and mining all posed a threat to Amerindians, whose traditional means of subsistence demanded large reserves of land.

The National Indian Agency (Fundação Nacional do Indio—FUNAI) is charged with safeguarding Amerindians. The agency took over in the wake of a 1968 government investigation that charged that FUNAI's predecessor had massacred Indians and embezzled their lands. FUNAI itself, many critics argued, was unable adequately to protect tribes from the predations of outside

mining and agricultural interests. Indeed, there were confrontations between Indians and settlers and roadbuilding crews in the late 1970s and early 1980s. In 1982 FUNAI set up a Nambikawa Indian reserve in Bahia and interdicted 7.7 million hectares of Yanomamo land in Roraima.

Afro-Brazilians

"The Negro," commented a nineteenth-century British traveler, "is not only the field labourer, but also the mechanic; not only hews the wood and draws the water but by the skill of his hands contributes to fashion the luxuries of civilized life. The Brazilian employs him on all occasions and in every possible way . . . ." His remarks were echoed by Brazilians and visitors to the country alike. Brazilian society without a secure and plentiful supply of African slaves simply could not have existed. All but the poorest Portuguese immigrants to the country soon acquired slaves. The slaves themselves served as collateral for their own purchase; their labor repaid their owners' loans at the same time it provided their livelihood. "Work is for dogs and blacks" was a common saying in colonial Brazil.

Slaves enjoyed legal guarantees: they could marry freely, seek different owners, acquire property, and buy their own freedom. These rights were, however, largely unenforced and, in any event, far beyond the reach of the average field hand. The system of plantation agriculture where most slaves spent their lives was almost routinely brutal. An eighteenth-century Jesuit commented that although some owners would kill their slaves for minor infractions, rational plantation owners would "when a slave deserves it . . . tie him to a cart and flog him. After being well flogged, he should be pricked with a sharp razor or knife, and the wounds rubbed with salt, lemon juice, and urine, after which he should be put in chains for some days." Female slaves, in the interest of decorum, were to be flogged in private.

Slaves resisted as they might; they proved, as one owner ruefully commented, most "inconstant property." Slave revolts were almost yearly affairs; runaways amounted to some 1 percent of the total slave population. Slave catchers did a thriving business. Settlements of fugitive slaves (*quilombos*) dotted the remoter regions. The most famous settlement, Palmares, survived for over 50 years (see The African Presence, ch. 1).

Miscegenation was a common and freely acknowledged practice and contributed to contemporary attitudes on racial categories. To encourage marriage between white men and women, colonial legislation barred mulattoes from administrative posts, but to no avail: wealth rather than color was the main criterion in awarding offices. From a relatively early date there were wealthy and influential mulattoes at the highest levels of society. These, of course, were the fortunate few; most formed an intermediate class

performing those tasks for which slaves were inefficient and whites unwilling. Mulattoes were overseers, soldiers, *vaqueiros*, and farmers.

In the mid-1970s census takers counted roughly one-third of the population as mulatto and another 8 percent as black. The 1980 census reported over 38 percent as mulatto and almost 6 percent as black (see table 2, Appendix). The figures should be taken only as the roughest estimates. Brazilian racial categories are anything but unambiguous. Descent is not considered an overriding criterion in assigning individuals to racial groups; Brazilians see nothing unusual in thinking of parents and children, as well as brothers and sisters, as representatives of widely disparate racial groups. Anthropologist Marvin Harris, for example, showed a picture of three sisters to a number of Brazilians. Only 6 percent of his respondents identified all three sisters as belonging to the same racial group; 14 percent identified them as members of three different racial groups. There is frequently little agreement about the racial classification of an individual; pictures shown to various Brazilians will elicit a variety of racial classifications.

There is a general consensus that, as the saying goes, "money lightens." When shown pictures of various-hued individuals with purported incomes shown beneath each picture, respondents classified individuals with higher incomes as lighter colored. Beyond the ambiguity surrounding an individual's race there is little agreement about the precise meaning of the society's elaborate vocabulary relating to racial classification. There are some 40 different racial categories commonly used, but little consensus about who belongs to what group or how the groups themselves might be organized as racial designations. The notion of a biracial classification scheme of the sort North Americans are accustomed to is simply incomprehensible to Brazilians.

Race in and of itself is not a socially significant category for most members of society. The rich (*os ricos*) and the poor (*os pobres*) are the more pervasive and relevant social groupings. This does not mean that Brazilians do not have racial stereotypes. There are a plethora of racial terms in Brazilian Portuguese, and many are used derogatorily. Most regard Afro-Brazilians negatively. White is perceived as more desirable than black, but the intermediate steps between the two extremes are vague and obscure. Further, ideal perceptions of race do not define actual behavior. A relatively light-skinned poor Brazilian would not insult a darker skinned educated or rich Brazilian in racial (or any other) terms. It is equally true that skin color continues to be a good general predictor of social status. As a rule the darker the skin the poorer the Brazilian. Anthropologist Robert Shirley noted that in the rural municipality he studied, Afro-Brazilians were nearly half the landless laborers and unskilled workers but only 5 percent of the large landowners and 9 percent of the small businessmen.

The highest concentrations of Afro-Brazilians are in the Northeast, where they constitute nearly two-thirds of the total population. There the African influence is readily apparent in dialect, children's stories, nursery rhymes, folklore, and cuisine. Syncretic Afro-Brazilian religious cults are common in the Northeast. The cults are known by a variety of names: *candomblé*, *xango*, *macumba*. They mix West African and Iberian Catholic religious traditions and practices and bear a striking resemblance to Haitian voodoo (*vodun*) (see Religion, this ch.). African influence is also apparent in the Northeast's music (the samba is related to the *batuque* danced by slaves) and in men's clubs specializing in displays of dance and defense similar to jujitsu, elaborated from a form of combat brought by Angolan slaves (*capoeira*).

Immigrants of the Nineteenth and Twentieth Centuries

Immigrants came in significant numbers only after the abolition of slavery: there were sporadic efforts to initiate colonies of small farmers in the South, but most potential immigrants rejected a country dominated by plantation agriculture and slave labor. Immigration peaked between 1888 and 1929, when more than 100,000 immigrants entered Brazil annually, except during World War I. More than half went to São Paulo where the coffee boom drew not only agricultural laborers but also a diverse group of entrepreneurs seeking their share of the coffee wealth. After World War II there was a renewed spurt of immigration when the society absorbed some 50,000 to 80,000 foreigners annually.

Italians and Portuguese were the largest national groups within the stream of migrants. Roughly 30 percent of all immigrants between 1884 and 1933 came from Portugal; Italian immigration peaked between 1884 and 1903 when it constituted nearly 60 percent of all immigration. Spaniards came in steady numbers, though a 1911 prohibition against emigration to Brazil by the Spanish government limited their numbers in the years before World War I. Germans and Japanese arrived in substantial numbers, and there was a steady flow of Middle Easterners as well as smaller numbers of Slavs from Eastern Europe and Russia.

Portuguese entered in a steady trickle throughout the nineteenth century; they were primarily Azoreans who entered under indentured labor contracts. The numbers of immigrants grew in the 1900s and peaked in 1912 and 1913 when more than 76,000 Portuguese arrived each year Between 1908 and 1929 the number of Portuguese immigrants topped 30,000 every year except during World War I. Most were urban-bound immigrants; Rio, São Paulo, and their satellite cities were the principal destinations. Portuguese have tended to congregate in the lower middle-class service sector occupations; they are shopkeepers, taxi drivers, and seamstresses.

A few Italians came as settlers to the small agricultural colonies in the South; most, however, were recruited as replacements for slaves on coffee plantations after abolition. They represented the owner's first large-scale experience with free labor and, to judge from contemporary accounts, learning to deal with workers who could not be treated as chattel was not easy for owners. Complaints about the treatment of the immigrants reached such a pitch that in 1902 the Italian government prohibited its citizens from accepting free passage to Brazil, an inducement frequently used by labor recruiters.

Italian immigrants had an immense impact on the society. Urban migrants, many of whom arrived with small amounts of capital, became a critical component in São Paulo's industrial bourgeoisie. They had both the entrepreneurial talent and the overseas contacts to take full advantage of a domestic market that was expanding as a result of the coffee boom. The Italian agricultural laborers were, in comparison with ex-slaves, a favored segment of the rural work force. The typical coffee worker would have been hard pressed to accumulate the capital necessary to purchase land, but most were able to pay off their debts to planters within three to seven years. Early contracts permitted the immigrants to plant subsistence crops between coffee trees, a practice that not only provided the family's sustenance but also generated a surplus that contributed added income.

Colonization efforts, begun in 1824 under imperial aegis, brought roughly 50,000 Germans to Brazil by 1914. Royal patronage did little, however, to assure the immigrants a warm welcome in a milieu dominated by plantation agriculture. Settlers were to receive land, cash grants, and tax concessions, but the program was inconsistently implemented. Nonetheless, the colonists prospered after a fashion. They were active in industry and commerce and in rural areas set up small family-run farms engaged in mixed crop and livestock production. German immigrants resisted assimilation so tenaciously that on the eve of World War II expanses of southern Brazil were exclusively German speaking. German-Brazilians learned Portuguese in the army and, more recently, through public education and radio and television programs.

Approximately 230,000 Japanese immigrated in the 1920s and 1930s; Brazil has the largest Japanese community in the world outside of Japan itself. Like Italians, the Japanese were recruited as laborers for plantations in São Paulo, Minas Gerais, Paraná, Goiás, and Amazonas. Most rejected work on plantations, however; instead they bought abandoned coffee lands and prospered as truck farmers for growing urban centers. By the 1970s more than half of all Japanese-Brazilians were city dwellers, virtually all spoke Portuguese, and a substantial minority of marriages were interethnic. The first generation of rural-urban migrants special-

ized in retail trade, but younger Japanese-Brazilians chose careers in the professions.

Social Relations

Family and Kin

Brazil's "cult of the family" stands out even among the family-oriented nations of Latin America. Historically, the family has been perhaps the single most important institution in the formation of Brazilian society. The ideal is defined in terms of the traditional kin relations of upper class families; it hardly serves to describe urban middle-class families and, still less, those of the lower class. Nonetheless, it remains a cultural ideal reflected in the ways Brazilians conceptualize and evaluate a whole range of personal and social relations.

The traditional upper class family was characteristically patriarachal— "taciturn father, submissive mother, and cowed children," is one historian's commentary. The Luso-Brazilians took from Portugal the practice of secluding women, and travelers to Brazil until the late nineteenth century commented on the "Arabic" sequestering of upper class women. The customary treatment of women in the colonial era was apparently too extreme even for those whose view of that sex was conditioned by the Pauline epistles. The bishop of Bahia complained that some parents were reluctant to let their daughters leave home even to attend Mass. The ideal, according to a common proverb, was for a woman to leave home for her baptism, marriage, and funeral. Indeed, a woman's position was an unenviable one; again, numerous travelers commented on it, and many attributed it to the customary presence of slaves. "Surrounded by slaves, the Brazilian is accustomed to see only slaves among the beings over whom he has superiority. The woman is, frequently, the first slave of the household, the dog the last."

The most significant kin group was (and still is for many upper class families) the *parentela*, a diffuse group comprising the relatives an individual recognizes from both families. Kinship terms, such as cousin, aunt, and uncle, are applied to a whole range of kin, and the extent of an individual's *parentela* is limited only by genealogical memory and willingness to recognize distant relatives. *Parentelas* may include hundreds of individuals; typically the kin group focuses less on strict rules of descent than its relationship to an illustrious ancestor. Large *parentelas* continue to be a force in social life. There is a constant round of family-centered events, including baptisms, weddings, and funerals. The upper class Brazilian often maintains social contact with kin numbering in the hundreds (see Conservative Groups, ch. 4).

The *parentelas* often held resources together, and even today there is a strong family presence in many corporations. Rural politics until the 1960s was simply unintelligible without taking

into account the web of interlocking *parentelas* at every level of political organization. The *parentela* almost overshadowed the nuclear family in the raising of children. Most of a child's early years might be spent in the company of divers cousins, uncles, aunts, and grandparents. The *parentela* was, in a sense, a social universe. *Parentelas* were linked by marriage as well as blood; marriages between cousins were not uncommon and gave both families the advantage of a "known quantity" in their offspring's spouse. Young women normally experienced little social contact with any males but their relatives. Their kin were therefore ideal marriage partners in that they were considered to be trustworthy individuals. One author tells of an argument between her parents (then married some 20 years) in which her mother replied to her father's criticisms with the remark, "What right do you have to say things like that to me? You're not even my relative!"

The *parentela* serves as an interest group. Lesser members not only bask in the reflected glory of the prominent but also share, through sinecures and the like, in their wealth and influence. Family loyalty is the individual's highest duty; and failure to assist one's kin in their need diminishes one's stature in the same way that inability to protect one's clients or dependents diminishes a patron. Nepotism (*filhotismo*), far from being dereliction of duty, is the influential family member's first obligation.

Godparenthood (*compadrio*) both extended and reinforced the web of kinship. A godparent might be a child's relative—an uncle, an aunt, even an older sibling, or an outsider. The relationship could function to strengthen a preexisting one between relatives or to bring other *parentelas* into a pseudo-kinship relationship. Kinship served as an idiom for defining social relations in general. *Compadrio* obligations involved not only the child and his or her godparents but also the godparents and the parents themselves. Godparents, parents, and children owed each other assistance, trust, and mutual support. *Compadrio* could be used to deepen a patron-client relationship; lower class Brazilians could thereby emphasize their loyalty and respect for an influential patron. *Compadrio* was so pervasive an element of social relations, notes one anthropologist, that *compadrismo* is "synonymous with political protection." Further, in many parts of the country a child receives godparents not only at baptism but also at confirmation and marriage.

Kinship functions very differently for the lower orders; the every existence of a *parentela* demands wealth and influence in some degree. Larger extended kin groups atrophied among lower class Brazilians in part because of the lack of resources and in part because of the sheer mobility of the populace (see Migration, this ch.). Distance weakens kin ties and responsibilities, even as deeply held an obligation as a son's duty to care for his parents in their old age. Within the constraints of migration and wealth, kin

do aid and assist one another. There is a tendency for rural neighborhoods of small farmers to be composed of a group of interrelated families. Even on plantations where the population is more mobile, the tendency is for kin to migrate to the same locale and live near one another. Something on the order of half of a plantation population might be expected to have kin on the same *fazenda* or living nearby.

The obligations that extended kin owe one another are not particularly well defined among the general population. Married siblings living near one another may, if they are so inclined, engage in a variety of mutual aid arrangements; the arrangements themselves, however, are frequently the same that non-kin make. Likewise, kin can also make agreements that reflect nothing but market forces, as when an uncle hires his nephew for a day's work or brothers agree to sell merchandise to one another at the going rate. Joint economic ventures are relatively rare; married siblings, their spouses, and children would be unlikely to farm together, for example. There are instances, particularly in the South, where separate households will specialize in the various aspects of a business. One brother might do all of the marketing for his sibling's farms, or siblings might agree to sell all their dairy products to their brother who owns a bakery in town.

Within the individual household, rights and duties are more clearly stipulated. A husband owes his wife and children protection and sustenance; they owe him deference and obedience. Children should care for their parents in their old age. Ideally, parents should see their children started in life; this assistance can take many forms, such as education, land, or money to begin a business. The norms frequently go by the board with the exigencies poorer Brazilians face. Partible inheritance is a legal requirement, but where family relations are not acrimonious, heirs accept their "grubstake" as their patrimony or sell their shares for a pittance to the sibling who cared for the parents in their declining years.

The nuclear family is the typical household unit. In most of the country the ideal is for a married couple to set up housekeeping as soon as possible. In the rural South, however, a three-generation household is not uncommon. It is an arrangement that demands considerable flexibility on the part of all concerned, but it affords the farm couple real advantages when children are young and the family's labor is limited.

There are three principal kinds of marriage: civil, religious, and common law (*amasiado*). Only civil marriage is recognized by the state and confers legal status on the marriage. It ensures the family social security benefits and the children a portion of the inheritance, establishes the legal responsibility of both parties in regard to each other and to their children, and determines certain property rights as agreed to by the spouses.

Divorce has been legal since 1977; before that time legal separation, a variety of quasi-legal contractual unions, and foreign divorce and remarriage were the principal means whereby middle- and upper class Brazilians regularized marital status. Legalized divorce will presumably have little impact on most of those living in common-law unions because they lack the financial resources to take advantage of this option.

Rural Society

Social relations in the countryside are based on the simple fact that relatively few have secure access to land; the roots of contemporary rural society lie in plantation agriculture geared to export crop production, which relied on slave labor. The recipients of crown land grants *(sesmarias)* were the powerful and the influential. Although care was supposedly taken that only those who could exploit the land grants productively received *sesmarisas*, there was in fact no effective curb on the accumulation of land by a powerful few.

The pattern of land use was extensive: plantation owners *(fazendeiros)* increased their wealth by bringing more land under cultivation—not by using more intensively the land they already had. The history of agriculture is one of periodic frontier expansion. The push toward new agricultural lands came not only through soil exhaustion or demographic pressures but also through changing world demand: Brazil had its sugar, cotton, cacao, coffee, and rubber frontiers. More recently changes in tax incentives, as well as expanding domestic markets, have fueled a new burst of western and northern migration and settlement (see Cultural Regions, this ch.).

Small landholders typically spearheaded the march toward the frontier. Pushed off more desirable land by plantation owners, they chose more remote regions by default. As settlement increased and hitherto remote regions caught the interest of the powerful, earlier settlers were shunted farther toward the frontier or incorporated into the plantation work force. The powerful resorted to a variety of strategems to expel squatters. Typically, a potential *fazendeiro* laying claim to a stretch of land would hire a gang of thugs *(capangas)* to pursue a claim. Armed retainers were virtually essential to the potential landowner; other aspirants would have their own *capangas* and squatters were often armed and, even if expelled, might be inclined to seek revenge before moving onward. Violence was endemic on the frontier. The murder rate in one municipality on the coffee frontier in the early days of settlement, to take but one example, was more than five times that of more settled rural areas.

Clouded land titles contributed much to the uncertainty of land tenure. Even in Rio Grande do Sul, a region spared much of the frenzied land speculation of the coffee, sugar, and cacao regions

and where small landholders were relatively immune from pressures from *fazendeiros*, there was chronic confusion over landholding. In the early 1900s a land commission for the state found that roughly 10 percent of all titles were clouded. In more favored areas the level of land speculation and the sheer velocity of land transactions exacerbated the chaos surrounding landholding. Concessions were granted and canceled; forging land titles was a minor industry. Speculators frequently knew that their land was occupied but simply counted on reselling it and letting the unfortunate third party deal with the previous occupants.

As titles became more regularized, a local oligarchy of landed and influential families emerged. In rural areas the contemporary social spectrum of old settlements is diverse. At the upper end are large landholders, rural industrialists (such as sugar mill owners), commercial elites, and upper ranking local governmental officials. Small- to mid-sized proprietors, marketing middlemen, and shopkeepers represent a middle echelon, slightly more prosperous and secure than sharecroppers, tenants, artisans, and craftsmen. At the bottom are a growing number of day laborers.

Large Landholders

In Brazil fewer than 2,000 agricultural establishments (of more than 5 million total) control nearly 15 percent of the land. Less than 1 percent of all holdings (with more than 1,000 hectares) are on over 40 percent of the land, while more than half (with less than 10 hectares) are on less than 3 percent of all land.

Landholdings are concentrated in every region, but especially in the North and the Center-West where establishments of more than 10,000 hectares comprise roughly one-third of all holdings. Both regions, ironically, are the latest Brazilian frontier—areas seen as a "safety valve" for absorbing land-hungry peasants from the Northeast.

The figures, if anything, slightly understate the extent of land concentration. Large landholders can partially insulate themselves against the pressures of land fragmentation through inheritance. Extended families operate their holdings as a single unit while registering them as several farms for inheritance or tax purposes. By the 1970s, in any event, the extent to which large holdings were held by corporations and financial institutions rather than individual families blunted the impetus for dividing large holdings.

The *fazendeiro* was traditionally the pivot of social relations in the countryside. On the estate a *fazendeiro's* authority was virtually absolute. Abolition of slavery altered hegemony not a whit; the authority of the *fazendeiro* was largely unchallenged until the 1950s and 1960s. Individual *fazendeiros* might have failed to uphold the cultural norms and to wield their authority well or astutely, but the plantation authority structure persisted. The locality was dominated by a few landed families. Political life was characterized by *coronelismo*, the Brazilian form of bossism wherein

Pôrto Alegre, Rio Grande do Sul
Courtesy P.A. Kluck

Rural grocery store, Curitiba, Paraná
Courtesy WORLD BANK PHOTO/Tomas Sennett

a *fazendeiro* exchanged the votes of loyal retainers for political plums (see Politics under the First Republic, ch. 1). Relations among the landed families were frequently antagonistic; the internecine fighting of local landed clans was a mainstay of literature from every region of the country. Even in the smallest of districts feuding was a chronic feature of social life; land, albeit concentrated, was never so much so that it precluded the formation of factions. As settlements aged, landholding became more regularized, and the violent disputes of years earlier gave rise to political jockeying. Local-level political activity normally reflected the personal and family loyalties of the participants more than ideological differences; splits within the local elite were often the results of feuds begun generations past rather than contemporary socioeconomic differences.

Paternalism was the ideal principle dictating dealings between the *fazendeiro* and his dependents; they included not just family but all the plantation's sharecroppers and tenants. They owed the *fazendeiro* respect and unswerving loyalty; there continues to be an elaborate etiquette whereby the lower orders address their superiors in rural Brazil, and deference is particularly due the *fazendeiro*. In return the landowner is to act as patron and protector to those who depend on his or her beneficence. It is hard to overestimate the extent to which the forms of deference remain ingrained in peasant behavior. Even so radical a force as the peasant leagues were not immune. One of the earliest leagues began by asking a *fazendeiro* to be its honorary president.

When practice approached the ideal, paternalism could do much to blunt the inequity of economic elations and alleviate the uncertainty that was the peasant's lot. "At its highest level," notes one author, "it is a form of unwritten social security that works well." The ideal patron not only guarantees sharecroppers and tenants access to land but also provides loans before harvest (when they are most hard pressed) and credit in the *fazenda* store. The *fazendeiro* should care for the health and well-being of the plantation workers. Influence in local politics should ensure that one's loyal retainers have hospital care if they are in need of it. Traditionally, the effective patron was able to preserve the *fazenda* from any and all outside interference so that not even the police could harrass workers under the protection of the *fazendeiro*. If the labor demands made of sharecroppers and tenants were onerous, a patron could selectively dispense with the worst conditions for favored workers. In its essence, paternalism made it clear that the worker's well-being was not a right but a matter of noblesse oblige.

Still there was a certain pressure on landholders to follow the canons of good paternalistic behavior. It was the horde of loyal retainers and dependents that validated the landholder's status as much as the land itself did. Indeed, it was unfeasible to occupy land without numbers of sharecroppers scattered about to secure

the perimeter of the estate. It was the ability to dispense favors that ensured the landholder the forms of deference within the community.

In regions without a history of export crop production or with a limited labor force, the harsher aspects of landlord-tenant relations were blunted still further. Where one could lose a labor force, i.e., where peasants could seek a better situation, *fazendeiros* were normally careful to avoid acquiring a reputation for bad faith or niggardliness. Where there was no ready financial advantage in converting forestland to cultivation (and before landholders feared enforcement of legislation guaranteeing squatters' rights), a *fazendeiro* might demand little or nothing of those living on land he or she owned. Anthropologist Shirley describes a conversation with a *fazendeiro* in a remote area of São Paulo in the late 1960s. The *fazendeiro* said he had some 30 families who did not pay rent living on forestland. Shirley asked if he had tried to force them off. "Oh, no," was the *fazendeiro's* reply, "I've always had as much land as I needed, and besides some of them are armed."

Changes in the 1960s and 1970s often undermined the ties between patron and dependent. New landlords often failed to conform to the paternalistic model and eschewed personalistic ties with their tenants. Those purchasing land were frequently successful businessmen, financiers, or simply corporations and financial institutions. At the same time, legislation governing the treatment of rural workers and the rights of squatters encouraged landholders to limit their work forces and expel any squatters who might have even a tenuous claim to land. Tax incentives as well favored less labor-intensive agricultural products (see Agriculture, ch. 3).

As a group, large landowners have always been highly diverse, and in the early 1980s there were no indications of impending change. They vary by region, in their relationship to the market, and frequently in their ethnic background. There are substantial differences in the scale of resources landowners from various regions enjoy; even a wealthy *fazendeiro* from an obscure municipality would probably be unable to afford a fraction of a prime agricultural enterprise. The group includes old aristocratic families, descendants of immigrants whose timely arrival and entrepreneurial skills gave them a chance to make money in one of the periodic "boom" economic cycles, and well-placed government administrators.

Although landholding is concentrated, the pattern of frontier expansion permits some mobility. Some squatters manage to register their holdings and become part of the local landed elite; it requires a measure of good fortune to acquire adequate cash and to have an extended family near at hand to assist in defending holdings from outside incursions. Even the relatively penurious might hope to open a store in the front of the farmhouse and extend credit to form patron relationships with neighboring households. Shopkeeping gives the ambitious peasant a potential

power base. "Semi-peasants" can, through commercial success, consolidate their landholdings, send their children to secondary school or college, and attain a measure of local power and influence.

Small and Mid-Sized Landholders

The peasant proprietor has never had an easy row to hoe in Brazil, and the 1970s had a less than positive impact on the situation. The ratio of small farm owners to agricultural employees dropped from four to one in 1950 to three to two in 1975. Earnings among the bottom 50 percent of all farms declined from nearly 25 percent of agricultural income to less than 15 percent between 1970 and 1980. Small holdings are concentrated in Ceará, throughout the *agreste* zone in the Northeast (a transitional region between the humid coastal zone and the inland *sertão*), in eastern São Paulo, Minas Gerais, the state of Rio de Janeiro, and in the hilly parts of Santa Catarina and Rio Grande do Sul. Those who own properties of less than 10 hectares constitute over one-third of all landowners. They represent more than three-quarters of the notably less secure group that occupies land with no clear title. Squatters and landowners with less than 10 hectares account for roughly 2 percent of all farmland. When authors comment on Brazil's land-hungry peasants they mean just that: one anthropologist describes a Nordestino peasant who built roughly a quarter-hectare plot in a mangrove swamp by packing mud dikes against the tidal waters. He watered the plot by carrying gourds of fresh water from the nearest well some five kilometers away.

Smallholders have always existed in the shadow of plantations; they were nonetheless essential to the domestic economy and the continued export of agricultural commodities. Peasants were the primary suppliers of foodstuffs for the colony. Subsistence crops could never generate the income that export crops could, so there was little enticement for *fazendeiros* to plant them. Rising world prices for the export crop of the hour drove up food prices in the cities and frequently spread hunger in the countryside. There were repeated royal edicts requiring plantation owners to plant subsistence crops for their slaves, all to little avail. "Sugar devours everything" was the commonplace description of that crop's spread. The rise of coffee cultivation had a similar impact. In one municipality in the Paraíba Valley, for example, food prices more than quadrupled in less than a decade following the first coffee exports. The region, long an exporter of foodstuffs, became an importer.

Family farms dotted the less favored agricultural regions. Most sold a small surplus at local markets, though a few ventured far enough afield to compete with middlemen in the larger cities. In the early nineteenth century peasants were prohibited from selling at the better sites in Bahia. Peasants in a given rural neighborhood often maintained a loose sort of allegiance to a nearby *fazendeiro* who offered them patronage and protection in their

dealings with powerful outsiders. Descriptions of rural smallholders by nineteenth-century travelers sound curiously similar to field studies of the 1950s and 1960s.

Contemporary smallholders grow a variety of crops and often raise livestock; they maintain a link to the market, selling their surplus while ensuring the family's subsistence. Theirs is an existence that the urban Brazilian judges to be hopelessly inferior. The inhabitants of even the most undistinguished of towns in the interior would concur. There are a variety of Portuguese terms denoting the peasantry; virtually all can be and frequently are used derogatorily. A Portuguese dictionary defines one of the terms, *caipira*, as a "man or woman who does not live in a settlement, who has no education or social graces, and who does not know how to dress or present himself in public." Indeed, urban florescence, associated as it was with the expansion of plantation agriculture, almost always meant the demise of the smallholders. The end of isolation and available land undermined the system of family labor, mutual aid among neighbors, and leisure that was essential to peasant culture.

The rural neighborhood (*bairro*) is the basic nonfamily social unit. The *bairro*, "a series of linked homesteads . . . bound by feelings of locality, by convenience, by practices of mutual aid, and by folk religious practices," commonly comprises a single small valley and shares a chapel and shop. In the South, neighborhoods called *linhas* (literally, lines) stretch along the principal means of transportation. Neighborhoods are frequently linked by kinship and marriage. In contrast with the nearly nomadic plantation labor force, *bairros* often have a stable core of families over several generations. Neighboring households exchange mutual aid on a day-by-day basis; a group of families exchanges meat among themselves when slaughtering a large animal and, traditionally, gathers for a communal house raising.

Peasant landowners and their fortunes vary from region to region. In the *agreste* small farmers are hemmed in between the sugar plantations of the humid coast and the cattle ranches of the *sertão*. They are a middle segment wedged between the fortunate few large landholders and the mass of landless laborers. There is considerable variation within the class of peasant landholders; not only does the size of individual holdings vary but also sheer diversity in the *agreste* contributes to wide differences in income and productivity. The ideal is to possess a trade or skill, such as carpentry or mechanics, to supplement agricultural earnings. Even plots that provide little more than the family's subsistence are a safety net for those who face the uncertain market for wage labor. Families try to raise a few head of livestock, ideally one or more head of cattle and hogs, though the more marginal the holding the fewer the livestock. Peasants also take advantage of opportunities for day labor on nearby *fazendas*, and undertake an annual

migration to the sugar zone to work on plantations there.

Agreste peasants (along with tenant farmers and sharecroppers in the Northeast) were enthusiastic adherents of the peasant leagues. The leagues began modestly enough as mutual aid societies and expanded as smallholders were increasingly threatened by the expansion of plantations and changing labor practices. By the early 1960s the leagues were calling for a radical redistribution of land, and the *agreste* became a region of intense agrarian unrest. The leagues were early targets of the military regime that seized power in 1964.

In the Southeast small peasant farms outside the coffee areas persisted into the late 1960s. Like most smallholders, they were mixed agriculturists selling a slight surplus over the family's sustenance. Poor transportation limited their involvement in marketing. Even in the mid-1960s travel in rainy weather was, as one commentator put it, "not courage, but madness." Where expanding *fazendas* threatened the peasants of the Northeast, here it was the rise of mid-sized commercial enterprises taking advantage of the growing urban markets in the region. Peasants have been reluctant to register their lands, thereby losing whatever protection the courts might have afforded. The increase in commercial agriculture with capital requirements beyond the average small farmers's means has jeopardized both their tenancy and their livelihood. Rising land values and population growth have further limited the possibilities of maintaining landholdings. In the Northeast comparable developments have led to a rise in seasonal wage labor, but in the Southeast the trend has been toward more permanent migration to regional industrial centers.

In the hilly South peasants did not face competition from large holdings but from progressive land fragmentation through inheritance. As colonists, the European immigrants to the region received marginal land; transportation was neglected to a degree even greater than the rule for rural areas. Where settlers overcame these handicaps to any extent, the results provide a dramatic contrast to the typical portrait of rural society. Small landholders in the South form a relatively prosperous rural middle class. The family farming regime spawned a host of small-scale factories and businesses. Farmers' children were educated; rural neighborhoods supported an elementary school, and the more promising students boarded in nearby towns for advanced education. Families enjoyed significant occupational mobility over the generations; farmers' sons and daughters became teachers, priests, nuns, and established members of the urban professional and propertied classes. Where off-farm employment or land was available elsewhere, fragmentation of holdings through inheritance was limited as families gave their surplus heirs a "grubstake" in a nonagricultural occupation or land in less settled areas. The Southern peasant's technological repertoire is more elaborate than that of the Nordestino

peasant. Small farmers in the South use plows and a variety of related implements pulled by draft animals. By the mid-1970s mechanized implements and a variety of improved inputs were in use. The farmers' own assessment of their agricultural achievements is modest but is one that many rural dwellers might envy: "Who works here," they say, "need not go hungry."

Mid-sized landholders are scarcely less distinguishable from small farmers. Colonial-era sugar mills often demanded more cane than the owner's fields could produce in order to be economically efficient. Mill owners would accept cane on contract from mid-sized landholders. Often a mill owner would lease part of his lands to another who was then obliged to provide a crew of slaves for planting and harvesting. Sometimes the mill owner and his growers were part of an extended family, but it was apparently not uncommon for nonrelatives to be business partners, and their terms were anything but advantageous to the grower. Indeed, he faced some of the same constraints modern sharecroppers do. Owners had a tendency to evict growers after planting and cultivating but before harvest and the dividing of the spoils.

Mid-sized landholders fare much better in contemporary Brazil. What distinguishes them from small farmers is less an absolute amount of land than their wherewithal for exploiting new markets and taking advantage of changing government policies; mid-sized, literate, commercial farmers were the chief beneficiaries of the growing role of the courts in resolving land disputes. It was also mid-sized landholders who stepped into the void to exploit the growing demand for foodstuffs in the massive urban expansion along the Rio de Janeiro-São Paulo axis.

Brazilians have not been unaware of the pernicious effects of concentrating so much land (and power) in so few hands. Attempts to establish a rural middle class of yeoman farmers—a counterbalance to the influence of plantation owners—date from the early 1800s. Most efforts foundered on that very influence, however. Public and private efforts to set up colonies of family farms ran afoul of plantation owners on two accounts. First, large landowners were not anxious to relinquish land for the purpose. Second, they were unwilling to have their dependent labor force lured away to greener pastures. Not surprisingly, the sporadic efforts at colonization gave marginal land to European immigrants, ignoring the mass of rural Luso-Brazilians.

The settlement of northern Paraná from the 1920s to 1950s that was organized by a private colonization firm is the "man bites dog" story of colonization schemes. The firm guaranteed settlers clear title to medium-sized plots, built roads, and extended railroad service from Loudrina to Maringa. The company planned urban centers, laid out city lots, and installed water and electrical systems. The land disputes and violence typical of much frontier expansion were at a minimum. Similarly, the colony founded by

the National Institute for Colonization and Agrarian Reform (Instituto Nacional da Colonização Reforma Agrária—INCRA) in Rondônia, was dramatically successful. INCRA settled some 7,000 families on 100-hectare plots, opened many feeder roads to connect with the main highway, and provided helicopters to enable extension agents to reach farmers. The town of Ouro Prêto had schools, a health clinic, grain storage facilities, and an airstrip. The settlement was largely peaceful.

Most colonization projects have not been so fortunate. Former President Emílio Garrastazú Médici's characterization of the Amazon as a "land without men for men without land," proved too slim a basis for successful large-scale settlement. Part of the problem in the 1970s and early 1980s was that INCRA lacked the institutional infrastructure to deal with the number of settlers projected. INCRA found itself in conflict with previous settlers who had either bought land from private companies or simply taken possession by squatters' rights. Colonists were at odds with squatters, squatters and settlers with Indians, and private colonization firms with INCRA. The possibilities for conflict were legion.

The enormous confusion over land titles and registration added to the problem. There were multiple sets of papers to the same property, a notable lack of accurate land surveys, and numerous local and state officials willing accept fraudulent titles. Further, the growing interest of *fazendeiros* and prosperous (and absentee) businessmen and companies in frontier Amazon land was another factor. The entrance of moneyed interests having the wherewithal to fight protracted legal battles over land or, if necessary, evict settlers forcibly made the 1960s-1970s expansion into the Amazon and the Center-West seem like previous pushes to the frontier. The squatters cleared the forest and planted crops only to be bought out or forced out—disposed of in any event. The pattern is all too familiar; one large landowner investigating an area he deemed too primitive to be of current interest commented: "Let the beasts enter first. Let them suffer malaria and hepatitis and do the brutal work of clearing the forest. Then we will come in with money when it is ready."

In 1981 the government reduced the length of peaceful occupancy necessary to establish squatters' rights to land from 10 to five years. The trick was to maintain any kind of possession—let alone peaceful. The final fillip was that the frontier was closing. This round of land conflicts involved many peasants who fled the northeastern drought in the early 1970s for Maranhão only to be evicted by cattle ranchers later in the decade, or sharecroppers displaced in São Paulo who settled in Mato Grosso only to be displaced there as well. They were fast losing their forbearance and were increasingly reluctant to leave lands they had cleared for uncertain tenancy in more remote areas. Rural unions, the Roman Catholic Church, and a variety of grass-roots organizations were

increasingly active in pressing for settlers' rights. There seemed to be a sense, as one settler (from São Paulo via Mato Grosso) put it, that "to die of an arrow or of a shot or of malaria or of hunger is all the same to me."

Sharecroppers and Tenant Farmers

From the abolition of slavery until the mid-twentieth century, sharecroppers and tenant farmers formed the bulk of Brazil's plantation labor force. They worked under a multiplicity of contracts and arrangement. Part of this diversity reflected the variety of crops grown on *fazendas*. In return for caring for a specified number of coffee trees, coffee plantations offered workers a minimal wage along with a house and land for subsistence crops and pasturage. In addition, workers received a piece rate for harvesting the coffee beans. Planting the groves was done under a separate contract wherein the family planted virgin land in trees and cared for them until maturity. In return the family received little cash remuneration but planted corn and beans between the trees and got the proceeds of the first coffee harvests.

The rise of large-scale sugar mills on the northeastern coast in the early twentieth century eclipsed sharecropping in the region. In the *agreste*, however, assorted arrangements grew up in response to the variety of crops and climactic conditions common to the region. Mid-sized landowners let plots to sharecroppers who grew tobacco followed by corn and beans in a single agricultural cycle. Cotton was typically sharecropped, and cotton sharecroppers also split their subsistence crops with the landlord. The traditional labor arrangement for cattle raising in the *sertão* was drawn along the principle of shared returns; the *vaqueiro* received one-fourth to one-fifth of a herd's calves along with the option of planting foodstuffs. In non-coffee parts of the South, *fazendeiros* typically gave land in return for a portion of the harvest of subsistence crops; alternately, they might leave a settlement of squatters unmolested on *fazenda* land in return for a number of days' labor from the squatters.

Sharecropping varied regionally, but there was also tremendous diversity in the terms a single plantation owner might offer his work force. Some hands were simply resident laborers receiving a house and a small garden plot in return for specified days of labor; still others received only a house. In some cases a tenancy agreement might be contracted for a single year in which an individual cleared the land and planted crops, then switched to a sharecropping arrangement. Sharecroppers might split their harvest with the landlord or, if they had a skill, give as little as 20 percent of their crops. *Fazendeiros* varied too in the amount of seed they would provide and the extent to which they reimbursed sharecroppers for improvements made on the land and house. A variety of marketing arrangements where landlords bought tenant

crops at a discounted price plus the cost of credit a *fazendeiro* had extended also entered into the balance. Workers were required to put in a certain amount of labor on the landlord's crops, but here again, the actual days and whether or not the sharecropper could hire a substitute varied. For some skilled workers the *fazendeiro* might dispense with the general labor requirement in favor of a simple sharecropping contract with a number of specific tasks to be done.

The plethora of contracts made the *fazenda* work force a highly stratified one. The *fazendeiro* was at the top, but the steps in the social order were minutely graded. Sharecroppers themselves contributed to this complexity. Some were landholders in their own right or had a claim to a plot of land too small to provide a living. Some were skilled craftsmen; others might own shops. As a group they were highly mobile; in one plantation in Ceará in the late 1960s the entire resident labor force had been born elsewhere. In an average year (when there was no drought) over one-third of the resident labor force left and was replaced. Most moves, however, were between *fazendas* in the same municipality.

The 1960s and 1970s did much to undermine the sharecropper's position in traditional rural society. In the coastal Northeast and portions of the *agreste*, mill owners took whatever land was marginally appropriate and put it into sugarcane in response to government price incentives (see Agriculture, ch. 3). Sharecroppers and tenants were displaced in the process. In the South rising soybean prices encouraged owners to take land out of coffee, eliminating yet more tenants. Between 1960 and 1975 the amount of agricultural land held by sharecroppers and renters dropped nearly 40 percent; average holdings declined by more than half from roughly 30 hectares per sharecropper or renter to a scant 13. Even when sharecroppers were not expelled from plantations, the land at their disposal was limited. Further, small farmers who depended on rented land to supplement their inadequate holdings were caught up in the same process. They were forced to seek wage labor as a substitute for the income that rented plots had formerly generated.

Landless Laborers

There were an estimated 5 million landless agricultural laborers in the early 1980s; of these roughly 1.5 million had permanent employment. The rest, commonly known as "cold lunches" (*bóias-frias*) or clandestines (*clandestinos*), from their propensity to work without contract, were casual day laborers. According to INCRA a number of seasonal agricultural workers had no documents (which significantly limited their options for permanent work or receiving social services). The proportions of women and minors were 87 percent and 95 percent, respectively.

Numerous factors account for the dramatic increase in temporary labor, among them changing cropping patterns and the growing mechanization of agriculture. The Rural Labor Statute (1963) regulated contracts and salaries for agricultural laborers. The legislation aimed at guaranteeing farm workers and sharecroppers benefits comparable to urban workers. Its effect, however, was to encourage plantation owners to limit their permanent work force and rely instead on casual labor.

From the perspective of the *bóias-frias* this created a situation where membership in a rural syndicate, although it guaranteed the benefits of a formal contract, also limited employment opportunities. Further, although *bóias-frias* lacked legal guarantees and social benefits, their wages—on a daily basis—were equal to or slightly exceeded those of permanent workers. In fact, while real rural wages in general rose by roughly 50 percent between 1968 and 1977, those for casual laborers in São Paulo, where the phenomenon is most common, nearly doubled.

Bóias-frias, of course, have no guarantee of employment. Casual laborers are quite heterogeneous. They include those who work almost all year as a part of a relatively fixed work group; those, often women and minors, who work only periodically at peak seasons; and those who shift between agricultural and urban employment. Small farmers represent another pool of potential *bóias-frias;* surveys in Minas Gerais and São Paulo found casual work accounted for some 40 percent of the family income of small farmers. Some authors suggest that the *bóia-fria* phenomenon should be seen as part of a family's survival strategy. A male *bóia-fria* might work fairly regularly, and the earnings of the women and children would supplement the family income. Urban residence and employment opportunities provide a tenuous access to social services unavailable in the countryside. It is clear as well that the wage laborer's lot varies dramatically from one region to another. The options the *paulista* has can hardly be compared to those of the Amazonian laborer who spends his off-season in cheap hotels living on credit, waiting for another employer to pay his bills and send him off into the bush again.

The rise of wage labor, particularly casual temporary labor, betokens a major shift in rural social relations. Some authors suggest that there may be ties of patronage and loyalty between regular members of a work group and their labor contractor. Others insist, to the contrary, that contractor and *bóia-fria* alike are at pains to limit their personal involvement. Certainly, the statements of the *bóias-frias* themselves indicate a turn away from traditional social relations between patron and client. "I am a *clandestino* so as not to be a captive [of anyone]," comments one—an attitude poles away from a dependent relationship with a patron. Local landholders are unable or unwilling to furnish the

expected perquisites to their dependents, and the rural masses are increasingly ready to seek alternatives to the "good patron."

Forces of Change

Migration

Brazil's population is an increasingly mobile, migratory one: by the late 1970s nearly 40 percent of all Brazilians were resident in municipalities other than their birthplace. Nearly half the total urban population were migrants. Even focusing on those who had migrated within the last 10 years revealed a substantial measure of mobility. Roughly one in five Brazilians moved at least once in the 1970s, and among city dwellers the proportion was one in four.

Mass migration was a twentieth-century phenomenon. For most of the country's history the population was concentrated in a narrow band of roughly 300 kilometers stretching along the coast from São Paulo northward. The dramatic population shifts of the past century should be seen in the context of 300 years of coastal living. In the 1770s nearly 90 percent of the populace lived along the coastal belt between São Paulo and Recife; in the 1970s roughly 70 percent did so. Both the mountainous coastal escarpment and the lack of rivers flowing inland along the coast contributed to the interior's lack of settlement. So too, however, did colonial policies; it was easier to police the coastal cities and far easier to collect the royal fifth (tax) from such cities than from thousands of settlements scattered throughout the hinterland. Late in the colonial era and during the empire there was a slight shift inland. The gold rush in Minas Gerais was the impetus for the first large-scale push toward the interior; there was as well a steady increase in the South's population through the government's efforts at colonization (see Cultural Regions, this ch.).

Beginning in the 1870s there was a shift in the population as prolonged drought in the *sertão* drove Nordestinos to migrate and as expanding coffee production in the South drew immigrants. Throughout the 1870s a small number of slaves trickled southward from the declining sugar plantations of the Northeast to São Paulo's coffee *fazendas*. An increasingly influential abolitionist movement in the South limited their numbers. All told perhaps 15,000 to 20,000 slaves were imported—a fraction of the 1.5 million increase in population São Paulo enjoyed between 1872 and 1900.

International migration accounted for most of the population increase in the Southeast and South; during the last 30 years of the nineteenth century, international migration was roughly double internal migration. A variety of factors combined to eliminate Nordestinos as a possible replacement for slaves on coffee *fazendas* in the years following abolition. *Paulista* planters had a clear hierarchy in their preference for laborers, and free Luso-Brazilians ranked at the bottom of the list, below slaves and European

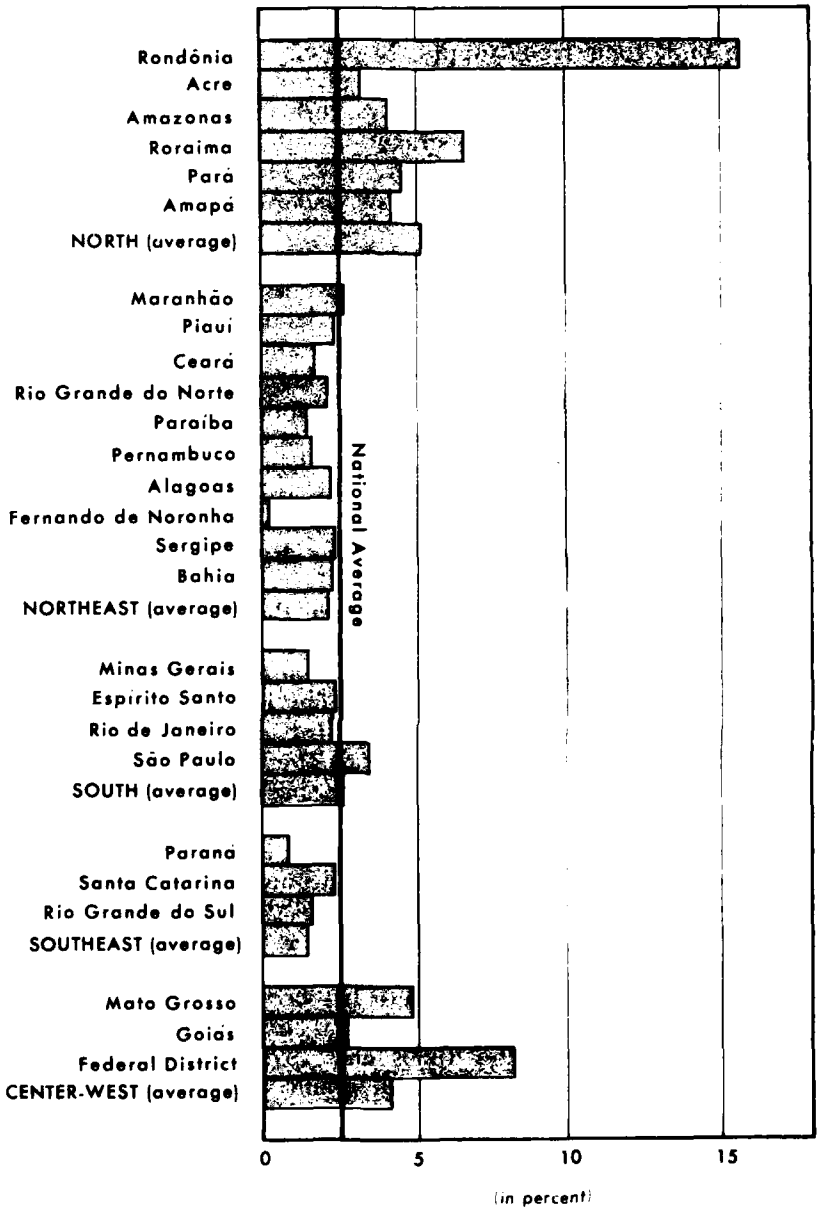
immigrants. Nordestino *fazendeiros* of course were opposed to a plan to limit their labor supply; Nordestinos themselves do not appear to have been anxious to accept the poor contract terms offered by the *paulista* coffee planters, terms invariably inferior to those offered European immigrants. In addition, the coastal or inland transportation systems were rudimentary in comparison with the transatlantic passenger lines, making the cost of the two alternatives roughly comparable.

Most Nordestinos migrated to the Amazon Basin or to the growing urban centers of the Northeast itself. That they were effectively precluded from joining the labor force of the most prosperous region exacerbated the country's already growing regional disparities. A mobile labor force was lacking at just the point in time when it might have served as an "equilibrating mechanism" to blunt differences in income and wages between the South and the Northeast. As it was, the terms of labor most Nordestinos encountered in the Amazon, where the rubber boom was just getting under way, were scant improvements over those they had left in the overpopulated Northeast as the drought abated and the rubber boom went "bust."

International migration peaked early in the twentieth century; since the 1920s the single defining characteristic of population movements has been the role of internal migration. In the 1920s and 1930s second-generation European immigrants moved off the coffee plantations of São Paulo into the region's cities and farther toward the frontier, in this case Paraná. These former agricultural laborers established themselves as the backbone of the petite bourgeoisie. City-bound migrants became the merchants and entrepreneurs; those who went to Paraná bought property and continued farming. Continued migration from the Northeast gave the coffee planters a steady stream of replacement laborers.

Since the 1940s there has been a new upsurge in internal migration as well as a tremendous natural increase in the population. Like earlier population shifts, there has been continued frontier settlement, and the frontier itself has moved westward and northward. Above all, the 1960s and 1970s were decades of rural-urban migration. City-bound migrants were so predominant that in rural Brazil only the frontier regions registered significant gains.

There were two distinct shifts in westward migration. The 1950s was the peak period of Paraná's settlement; in that decade migrants equaled one-half of Paraná's 1950 population. Goiás, Mato Grosso, and (more recently) the Amazon were migrants' destinations in the 1960s and 1970s (see fig. 6). The two migration streams could hardly be more disparate. Rising demand for coffee and foodstuffs precipitated the settlement of western São Paulo and Paraná. Public policy, in the form of moving the capital to Brasília (in 1960) and subsidized highway construction, was the driving force



Source: Based on information from Brazil, Secretaria de Planejamento da Presidência da República, Fundação Instituto Brasileiro de Geografia e Estatística, *Anuário Estatístico do Brasil 1980*, 41, Rio de Janeiro, 1980, 109.

Figure 6. Average Annual Growth Rates by Region, 1970–80

behind the push to the West in the 1960s and 1970s. Nearly three-quarters of the migrants to Paraná were from the South, and they brought a significant fund of farm-management and entrepreneurial skills. Half the migrants to the latest frontier have been from low-income regions, especially the Northeast; they were driven to migrate by droughts in the late 1950s and the early 1970s. Notes one author, "Migrants were *pulled* into Paraná by the promising economic opportunities and largely *pushed* into Goiás due to rural overpopulation, unemployment, and droughts in the Northeast."

These trends continued throughout the 1970s. Acre, Rondônia, Amapá, and Roraima received substantial numbers of migrants—mostly from Paraná and the Northeast. Roughly three-quarters of the nonnative population in those regions had arrived between 1975 and 1980. Pará received migrants from Goiás and Minas Gerais and from Maranhão and other parts of the Northeast. The cities of Rio and São Paulo continued to be frequently chosen destinations—approximately one-quarter of their population had been born elsewhere. Roughly 200,000 migrated to Rio annually during the decade, more than 600,000 to São Paulo (not counting re-migrants). In 1979 alone the state of São Paulo received more than 1 million migrants.

National censuses underrepresent the population's mobility in a variety of ways: they neither reveal the frequency with which Brazilians change residences within the same municipality nor measure repeated migration by individuals or families. Short-distance moves are particularly important in the countryside where they generally betoken a change of employers. Looking at one northeastern plantation's labor force, sociologist Bernard J. Siegel found that half of the sharecroppers had moved between *fazendas* in the same municipality and that one-third had moved between adjacent *fazendas*. There is considerable turnover in the plantation labor force. Case studies show resident workers and casual laborers alike to be constantly evaluating other employment options and numerous migration alternatives.

Once a Brazilian undertakes long-distance migration, he or she is likely to be involved in a process where move follows close upon move. The probability that an individual who has migrated will do so again within a year is 58 percent; it drops to 9 percent for the migrant who has stayed at one destination at least a year. Questioning migrants to Brasília (admittedly a highly mobile group), researchers found that two-thirds had made at least one move before coming to the capital; 20 percent had made three or more moves. Nationwide roughly one-third of all migrants move again within five years of their first move; within nine years nearly half do so.

Numerous studies from the 1960s to the early 1980s sought to compare the socioeconomic characteristics of migrants with the population at large, both in the migrants' regions of origin and in their destinations. The reports of these studies reveal a consensus that the "poorest of poor" were meagerly represented among rural-urban migrants. Those who left for the city generally out-

ranked those remaining behind in educational attainment, income, and social mobility. Some studies suggested that surveys have overstated the migrants' educational background. It may be that the more educated migrants did better and therefore remained to be surveyed, while their less educated counterparts returned home or migrated elsewhere. Rural-urban migrants on the average had less schooling than natives of the cities they migrated to. Although education may have helped the migrant in adjusting to the urban milieu in a general fashion, it bore little specific relationship to the jobs migrants actually obtained.

The principal difference between migrants and nonmigrants, of course, was in occupation. Those who remained behind were overwhelmingly agricultural laborers and small farmers. Migrants, regardless of how lowly their urban occupations or how minimal their earnings, were financially better off than they would have been had they remained in the countryside. Even allowing for differences in the cost of living and the rural dweller's ability to produce part of the family foodstuffs, studies estimated that the migrant increased real earnings by roughly half in the city. A rural Nordestino tripled earning potential by moving to Rio; a *paulista* manual laborer outearned the Nordestino agricultural worker by five times. Further, however tenuous the migrant's access to the much vaunted urban services, it was better than what the average farm laborer or small landholder enjoyed.

Migrants were more likely than natives to be employed—a relationship that held true across the board for older or recent, male or female immigrants alike. Older males were more likely to migrate when they perceived no options at all left in their region of origin; younger males were frequently persuaded that the city offered better opportunities. Young women generally moved in order to work, whereas older women normally migrated to follow their husbands. Most migrants found work relatively quickly; in one study conducted in the late 1970s, two-thirds were employed within a month of arrival, and only 15 percent took longer than three months to find a job. It was possible that the migrant who failed to find work returned home relatively quickly, as did the less educated. Skilled migrants were more likely to take longer in finding a job; their relatively privileged position in the marketplace permitted them to hold out for suitable employment.

In the early 1970s women were more likely to migrate than men. Young women were able to find ready employment as maids in urban households; one-half to three-quarters of all female migrants began work in domestic service. As a woman's length of residence in the city increased, she was more likely to shift into work in industry or the social sector or simply get married. Among migrants with 10 or more years residence, the proportion of women in domestic service declined to 25 to 40 percent. Males generally began their urban work careers in unskilled construction jobs; typically a migrant would advance to more remunerative and

secure work; the most successful became taxi drivers or shopkeepers, although this was not the most common career path. The migrant's situation in terms of income, employment, and housing normally improved over time.

Family and friends were pivotal in the migration process. Some surveys indicated that as many as 80 percent of all rural-urban migrants stayed with family or friends on their arrival in the city. It was through these same personal contacts that most migrants found their first jobs. A network of kin already in the city played a major role in the migrant's success. Most arrived in the city with little financial cushion; many spent literally all their money simply to get to the city. One migrant described her arrival: "The truck owner asked each family how much they had, and charged the entire amount as his fee." The more recent the migrant the less likely the individual was to have arrived in the city without prior contacts. Part of the cumulative effect of decades of rural-urban migration was an increasing pool of persons on whom the potential migrant could call for aid and assistance in setting up in the city. Migrants tended to settle where they first arrived, and a relative's residence was probably the most significant factor in defining a migrant's choice for housing and employment alike.

Case studies offered glimpses of the fortunes of migrant families over several generations as well as the migration process. A substantial portion of migrants came to the city with their families in tow. In a study of migrants to Rio de Janeiro, social scientist Janice Perlman found that over half came directly to Brazil's second largest city from a distinctly rural setting, the small towns or county seats in the interior; nearly 30 percent came from farms or villages.

A substantial minority of rural-urban migrants retained rights to property in their place of origin. Often the had a claim to a portion of a small holding that, if actually subdivided, would be too fragmented to provide a living for any of the potential heirs. This underscores the extent to which the city served as a safety valve for rural overpopulation. In one rural municipality in the Southeast, for example, roughly 40 percent of the potential agricultural population had migrated. By maintaining a claim to land, the urban-bound migrant had a safety net should employment fail in the city. The process of rural-urban migration could span the generations; migrants were reluctant to foreclose any options that enhanced the family's potential security. The successful first-generation migrant enjoyed considerable occupational mobility and improved real earnings and level of living, largely by leaving agriculture. Social and occupational mobility stalled in descending generations; few of the rural-urban migrants' advantages were passed on to children and grandchildren. A discouraging percentage did not attend even primary school with any regularity, and

most ended up in the relatively low-level, unskilled, or semi-skilled jobs their parents and grandparents had.

Urbanization

On the eve of World War II fewer than one-third of all Brazilians were city dwellers; by the early 1980s nearly two-thirds were. Population nearly tripled during the period, and cities absorbed most of the increase. Far more than the frontier, the city has been a "safety valve" for excess rural population. Continued urban growth was a central feature of changing social relations. Cities—previously enclaves of privileged planters and merchants serviced by slaves and artisans—have become focal points of the changes taking place in the society at large.

Urban population growth has outstripped rural growth in every region of the country—often dramatically so (see table 3, Appendix). Between 1970 and 1980 the rural population grew less than 10 percent, the urban by roughly 50 percent. In the Southeast there was more than a 7 percent difference in the average annual rural and urban growth rates; rural population in fact declined by nearly a quarter during the decade. During the 1960s the absolute growth of the nine largest cities was three times that of the frontier. Even on the frontier, i.e., the North and the Center-West, urban expansion in the 1970s was double that of rural expansion. The expansion was even more spectacular in that it capped four decades of continued urban growth.

Urban growth has been concentrated in the largest cities (those over 100,000 in population). Nine officially designated metropolitan regions together account for more than 40 percent of the urban population and roughly 30 percent of the total population (see table 4, Appendix). São Paulo and Rio de Janeiro residents together equal nearly one-third of all urban dwellers, and close to one in every five Brazilians lives in Greater São Paulo or Rio.

The contemporary urban scene has its roots in the country's past "boom-bust" cycles—above all, in the coffee boom and subsequent international migration. Since the 1920s industrial development has played an increasing role in urban expansion. The northeastern cities of Recife, Salvador, and Fortaleza grew as colonial administrative centers or entrepôts for the exchange of cotton, sugar, slaves, and European manufactures. Rio's primacy dates from the gold rush; it was also the seat of government after the Portuguese court located there during its flight from Napoleon in 1808. São Paulo's rise, which began in the 1870s, was truly meteoric. The town had languished as an economic and cultural backwater throughout the colonial era. In the seventeenth and eighteenth centuries not even a wealthy *paulista* could hold a candle to a modest sugar mill owner in the Northeast. Wedding clothes were reused by couple after couple; on one occasion the town council commandeered the only decent bed for a visiting

Street scene in Ouro Prêto, Minas Gerais
Courtesy Michaël Borg-Hansen

dignitary. Between 1872 and 1900 Rio and São Paulo doubled their portion of the population. The turn of the century was the high point of their preponderance among cities: together they represented over 60 percent of the total urban population.

There has been relatively little change in the relative ranking of major cities by population from the 1870s through the 1970s. São Paulo overtook Rio as the largest city in about 1960. The settlement of Brasília and Goiânia, as well as the rise of some frontier cities, was a new development. Curitiba, its population less than 100,000 in 1940, had over 1 million inhabitants in 1980; metropolitan Curitiba numbered nearly 1.5 million. Urban development has taken place at the expense of smaller cities (those from 20,000 to 100,000 in size) as well as rural areas. Cities close to metropolitan areas have been incorporated or effectively reduced to the status of satellite communities. Aside from the nine metropolitan areas, only cities larger than 100,000 have experienced significant growth.

Beginning in the 1950s the locus of growth within metropolitan regions shifted from the central city to the outlying suburbs. The Center-West has experienced the highest rate of expansion—a reflection in part of the minuscule levels of urbanization in that region earlier. Northeastern cities have had the lowest growth

rates. There was some evidence that cities in the South were gaining on the primate cities of the southeast. Observers speculated that businesses may have found some virtue in locating in the South where cities could offer an educated labor force and a relatively developed infrastructure at lower cost than in Rio or São Paulo.

Massive urbanization is a uniquely twentieth-century phenomenon, and traditional social relations have hinged on the plantation rather than the city. Paradoxically, however, Brazil has never lacked an "urban ethos." The numerous small towns and municipal seats of the interior regarded themselves as urban and therefore privileged. However limited the economic opportunities or however rudimentary the amenities, they outstripped those enjoyed by the vast majority of the rural populace. Town inhabitants viewed their way of life (and, by extension, themselves) as superior to that of the "backward" countryside. The town's weekly market was a social occasion bringing cultivators from the surrounding area to sell and buy. The town—rather than the plantation—was the center of domestic trade. Similarly, town festivals were major annual events attended by everyone from the local environs. The urban milieu has *movimento* (literally, movement) and continues to be the focus of political, economic, and social action.

Some of the most far-reaching changes in Brazilian society since World War II have centered on the city. The rise of wealthy and influential industrialists, the growth of a nonagricultural work force, and the expansion of the middle class are all urban-based changes. Small towns as well have been transformed. In the 1950s and 1960s *fazendeiros* abandoned their rural mansions in favor of homes in local municipal seats. In one municipality, for example, the number of town-dwelling landowners grew six times between the mid-1940s and mid-1960s. Education has been a major drawing card for the town. In the municipality of Cunha nearly three-quarters of all city-based *fazendeiros* had chosen to move to town to educate their children. Finally, even the relatively small urban centers have shared in the growth of public employment. There are a few government jobs in even the most remote hinterland municipalities. Anthropologist Charles Wagley has estimated that as much as one-fifth of the populace receive some portion of their earnings from public employment.

Urban Elite and Middle Class

During the past century Brazil's former elite—a minute group of landowners with narrowly agrarian interests—lost its importance. By the mid-twentieth century urban industrialists and financiers, numerically and politically insignificant for most of the First Republic (1894-1930), sat at the top of a steep social pyramid. To say that social mobility has been limited and that the elite remains

a privileged fraction of the populace should not obscure the extent to which the rich and the powerful of the early 1980s comprised a group vastly more diverse than their late nineteenth-century counterparts.

The contemporary elite includes top-ranking military officers and civil servants, prominent politicians, industrialists, commercial and financial powers, the largest landowners and owners of agribusinesses, and groups peripheral to the power structure, such as bishops and labor union leaders. The cleavages and divergences among the various strata offer a dramatic contrast with the cohesion of the earlier agrarian elite. Not even the business community and the military rulers are always of a single mind, nor are politicians in unfailing accord with the military (see Interest Group Politics, ch. 4). Nor, for that matter, do bureaucrats charged with overseeing the economy always agree with the priorities of those whose bailiwicks are concerned with culture, social welfare, or foreign relations. A new generation of labor union leaders, increasingly militant and critical of government policies, are clearly at odds with the powers that be. So too are many leaders of the Roman Catholic Church for whom the regime's vehement anticommunism is neither enough to ensure against secular policies (such as legalized divorce) nor to afford much common ground for dealing with issues such as social justice and equity, which are of concern to many bishops (see Religion, this ch.).

The rise of the industrial-financial bourgeoisie was linked to foreign immigration during the coffee boom. Brazil's elite is not only diverse in the roles it plays in the nation's politics and economy but is also ethnically diverse. Nearly half the largest concerns were founded by immigrants. The typical career path that led to the role of manufacturer began in commerce and the marketplace. The successful agent for a foreign firm had strategic knowledge of the market, access to foreign sources of credit, and familiarity with the channels of distribution. By the beginning of World War I, more than half the chief import firms were also engaged in manufacturing. Luso-Brazilians entered industry as well; almost all who did so came from the landowning elite. The European immigrant who began a career as a craftsman and ended it as a factory owner was a rarity, but the pattern was still vastly more common than among Luso-Brazilian artisans. Government policies aimed at controlling the supply of coffee in the early 1900s meant coffee planters reaped substantial profits that could be reinvested in industry.

The socioeconomic transformation since the early 1930s has permitted real social mobility, but to a limited number. Mobility essentially stops at the lower reaches of the middle class. The emphasis on higher education as an avenue of upward mobility has meant substantial opportunities for the urban middle stratum of

society, but at the same time those with little access to educational resources have suffered. Surveys in the 1970s of the elite's social background found that more than one-third of those interviewed came from the middle segments of the urban population. Similarly, educational requirements for military cadets have worked to the advantage of the offspring of middle-class and skilled workers. Between the mid-1940s and the mid-1960s there was a precipitous drop in the number of cadets from landowning and professional families and a concomitant rise in recruitment of sons of skilled workers as well as those of military personnel. Overall, the middle class has made its greatest gains in the expanding government bureaucracy and the administration of public enterprises.

Regional differences, changing educational choices, and students' family backgrounds have had a combined and distinct impact on elite career patterns. Since the 1950s economics and engineering have gradually replaced law as the preferred fields of study for the elite. The process has not been uniform. A degree in law continues to find favor among the scions of leading political and military families. It is a course of study congenial to older elite families as well as those outside the Southeast. Elites of industrial and commercial background, by contrast, have favored engineering in preparation for entering the family firm, while those of the middle class have viewed economics and business administration as the most promising avenues of upward mobility.

Aside from the military, whose leaders attended the Superior War College (Escola Superior de Guerra—ESG), there are marked regional disparities in the universities educating Brazil's elite. In the early 1970s more than 40 percent of the elite polled had been educated at the Federal University of Rio de Janeiro or the University of São Paulo. Both schools were among the first to offer courses of study in tune with the changing requirements of the economy and the growing emphasis on "technocratism" within the public sector.

In the early 1980s higher education continued as the quintessential avenue of mobility for the middle class. It allowed the child of modest background a chance for a niche in society's upper echelons. The system was undoubtedly elitist, but it was hardly caste like. The expansion of higher education and increased public employment have had as almost their sole beneficiaries the middle ranks For the ambitious individual of relatively modest origins, education offered an opportunity for public employment. Entry to the world of business, industry, and finance was, with the exception of government-owned companies, far more limited. Those families who were already firmly established in the upper class, of course, educated their offspring, but they would, in any event, have had access to elite channels through their wealth and family ties. Poorer Brazilians, by contrast, would certainly have had greater advantage had the educational resources gone to primary or

secondary schooling instead of higher education.

If education offered some opportunity for advancement, marriage did not. Most Brazilians chose spouses of similar social class and background. The trend was most clear among labor leaders, more than three-quarters of whom married within the ranks of manual labor; none married above the middle class. Children of professionals were slightly more likely than others to marry above their family's station. Education over a two-generation span, then, did lower certain otherwise impervious social barriers. Offspring of large landowners, senior military, and prominent political leaders intermarried; industrialists and financiers, by contrast, tended to marry those of comparable occupational background or those of professional families. Social networks reflected the differences in family background among the various segments of the elite. Businessmen tended to have extensive kin ties within the industrial-financial community. They exhibited a certain clannishness conforming to the traditional upper class norms for kinship behavior (see Family and Kin, this ch.). The elite from middle-class families tended to rely more on ties of friendship formed in the course of their education and professional life.

Urban Lower Classes

The cities' lower orders comprised overwhelmingly first-, second-, and third-generation rural-urban migrants. They have shown a persistent resourcefulness in dealing with the problems of living in an urban setting with little money and limited job skills. Urban population growth has been far greater than the increase in industrial jobs. The surplus has been absorbed, after a fashion, by the public and service sectors. Economic development generated substantial opportunities for the skilled and educated; it did so at the expense of widening the income scale. In 1960 the top 10 percent earned over 30 times the bottom decile; by 1976 the disparity had nearly doubled: the top decile earned nearly 60 times the income of the bottom 10 percent. Even within the lower reaches of the income scale, however, there is marked differentiation. The urban lower class work force is stratified by age and sex; in addition, the fortunes of those employed by large enterprises involved in modern industrial production are much better off than those in small-scale operations or those who find only temporary work.

Lower class families have developed distinctive employment strategies to ensure the household income. Until the economic downturns of the early 1980s, at least, the rule had been high underemployment and relatively low overt unemployment. The typical family strategy was to have the adult male fully employed and to count on the adult female and adolescent children to generate additional income. The "informal sector" served as a buffer for the young, the old, and women. Earnings were low

(except for young adult males) and often uncertain; nonetheless, they were worlds better than absolute unemployment.

Lower income city dwellers unearthed a plethora of make-do jobs to eke out a living. Women did housework and took in sewing; children ran errands, shined shoes, and bagged groceries—the possibilities seemed endless. Odd jobs *(biscates)* played a significant role in generating income for migrant and native families alike, particularly with the restrictive wage policies of much of the 1960s and 1970s. The informal sector has blunted the impact on families, if not individuals, of increasing wage differentials and rising inflation. Further, the lower the family income the higher the portion of it that comes from the informal sector. Poverty can almost be defined as the family's total reliance on odd jobs to the exclusion of regular wage labor.

Men typically began their work career doing odd jobs as adolescents. For them the switch to a regular, if poorly remunerated, job marks the first step up the occupational ladder to relatively skilled, secure, and well-paid work. Young adult males could earn substantial amounts as casual laborers. If they failed to make the switch to permanent employment by their mid-thirties or so, their position in the market eroded fast. Women found the change to a permanent job more difficult and were more likely than men to spend their entire lives in poorly paid casual jobs.

In the early 1980s housing remained a major problem for most of the urban lower class, and the typical solution could be seen in the urban and suburban shantytowns *(favelas)* in the environs of any city. In legal terms *favelas* are defined by their tenuous claim to the land they occupy: squatters began by settling seemingly unowned vacant spaces. After settlements are in place, legal claims to the land multiply. One *favela* located in a swamp north of Rio de Janeiro had 16 claimants within a few years of the initial settlement. The earliest *favelas* date from the 1920s when refugees from the Canudos uprising in Bahia emigrated to Rio (see Religion, this ch.). The 1930s saw a hefty increase in the numbers of *favelas*, but the truly astronomical growth in the settlements came after World War II. Formerly almost the exclusive domain of rural-urban migrants, by the 1970s *favelas* included more and more natives who saw the shantytown as an answer to rising rents.

Favelas represented a solution to urban housing for a plurality of metropolitan residents. The magnitudes were simply astounding. By the early 1980s an estimated two-thirds of the population of Greater São Paulo were inhabitants of *favelas (favelados)*; roughly one-third of Rio's residents found housing in *favelas*. Baixada Fluminense, to the north of the city where many of the *favelas* were, grew from some 30,000 in 1930 to approximately 2.5 million in 1980. Because Rio is surrounded by mountains and has little room for *favelas* to spread, the city has perhaps the highest density of squatter settlements in Latin America. The level of

crowding reached what one observer termed "Asian proportions."

Favelas have been damned by conservative and reformer alike as cesspools of corruption, decay, and social disintegration. There can be little doubt that the standard of living of the *favelados* is marginal. Access to water and electricity is frequently limited. In the worst *favelas* unsanitary living conditions, overcrowding, and poor nutrition have led to rampant disease and high rates of infant morality. Those in industrial areas are subject to levels of pollution that almost defy description. In Cubatão, near Santos, particulate pollution was more than twice the level that, according to the World Health Organization (WHO), causes excessive mortality. Forty infants per 1,000 births were stillborn, and another 40 died within the first week of life. In less bleak circumstances *favelados* endured their particular privations with a combination of resignation and equanimity. In one *favela* located on a swamp subject to annual floods, residents yearly bricked up windows and put in cement sacks to divert water from doorways.

Despite the squalor and ramshackle houses, social scientists note that the *favela* is a "self-created solution to the severe housing shortage." Because the initial cost of occupancy is almost nothing, a shack in a *favela* permits the family to accumulate funds for the gradual improvement of its home. Overall, most *favelas* are reasonably organized communities whose residents have created a variety of associations to obtain better services, provide the basic amenities, and fight against eviction. The social life of the *favela* is well developed, and *favelados* maintain membership in athletic and social clubs as well as the ubiquitous samba schools. *Favelas* have a full-blown and diverse religious community, typically including a Roman Catholic congregation, several Protestant evangelical sects, and a variety of *macumbistas* (practitioners of *macumba*, an Afro-Brazilian spiritualist cult). As it matures, the settlement normally spawns a variety of small-scale commercial shops. These indeed are essential to many families' survival, because *favelado* merchants normally sell in the small quantities poor families can afford and offer credit to their customers.

The launching of a settlement can be a highly orchestrated event. In one Rio *favela* the organizer restricted invaders to married men with children, regular jobs, and no police record. Many *favelas* have a high level of social cohesion and an effective system of mutal assistance. *Favelados* can rely on their neighbors for small loans, babysitting, the use of space in their refrigerators, help in making improvements on their houses, and the like. Nearly three-quarters of *favelados* surveyed in the early 1970s belonged to one or more *favela* associations. Far from representing the nadir of social disorganization, most *favelas* show a careful husbanding of extremely limited resources. Where space permits, *favelados* keep small livestock; and where their tenancy seems at all secure, they are ready to make improvements on their homes.

As settlements age, brick and wood structures tend to replace the more primitive wattle-and-daub structures.

Favelas have never found much favor in more privileged urban social strata. The first call for their eradication came in 1937; in 1947 the Commission for the Eradication of Favelas suggested returning the *favelados* to the states from whence they had migrated. Mid-1970s government policies aiming at removing the *favelas* culminated a long history of official disapproval. Regime efforts were directed toward resettling the *favelados* in low-income housing.

However well intentioned, the policies operated to the disadvantage of the poorest of the *favela* populace. Low-income housing was invariably located farther from the jobs of the *favelados;* the increase in travel time, to say nothing of expense, was significant. Some former *favelados* ended up paying as much as a quarter of their income on transportation. Worse still, others lost their jobs completely as a result of undependable public transportation. Others were forced to rent a room in the city and commute to the suburbs on the weekends. The distance from the city center limited the opportunities for women and children to earn income by doing odd jobs, and the economy of families became even more marginal. For *favela* merchants the move spelled disaster because they were unable to pay the rents of the storefronts in the low-income housing. It was a double loss because no one stepped in to fill the void: the shops stood empty because former *favelados* could rarely afford prices that would entice merchants to locate in the area.

Fees and mortgage payments, although they were intended for low-income families, amounted to as much as 75 to 80 percent of the household's earnings. Within a matter of years some three-quarters of those resettled were in arrears. Even attempts to hold housing costs to 25 percent of earnings were ineffective because family income was so uncertain and variable. Families having the lowest incomes abandoned public housing in favor of other *favelas.* By the late 1970s those in slightly higer income brackets had already begun to take over the public housing units.

In the late 1970s the regime redirected its efforts. The income restrictions on public housing were eased slightly, permitting lower middle-class families to take advantage of an alternative clearly beyond the reach of the poor. The number of families in arrears on mortgage payments dropped to a fraction of its former level. Recognizing that finished housing of any sort was beyond the reach of the poorest of the urban populace, the government directed its efforts toward legalizing and upgrading the *favelas*

already in place. *Favelados* were to receive title to their land, water and electricity, and assistance in improving their homes.

Religion

Some 90 percent of all Brazilians are Roman Catholics; they are the single largest national group of Catholics in the world. Beyond the sheer numbers the country is Catholic in culture as well as in traditional mores. Catholicism has long been integral to Brazilian society. Religious festivals were major public celebrations and a significant form of entertainment for the colonial populace. At their most elaborate they might have lasted fully a week and included not only processions but also bullfights, jousting, and dancing in the streets. Scores of chapels and churches dotted the countryside and city. They were far more imposing than the public buildings and private residences of the era; the ecclesiastical architecture earned even the grudging respect of Protestant travelers. Religious brotherhoods were the typical forms of association; they functioned as guilds and professional associations as well as the primary means of dispensing charity and maintaining churches.

This particular form of Catholicism was linked to grants of patronage given to the Portuguese crown in a series of papal bulls. The crown exercised extensive control over the church because of its role in expelling the Moors and spreading the faith. The arrangement was intended to ensure the church's protection; in Brazil it contributed to the Catholic church's extremely weak organization. Although an essential part of culture and social life, Catholicism was from the early colonial period institutionally handicapped. Educating and ordaining priests was a low priority; the formation of dioceses and parishes lagged; the church's tithe found its way into the royal coffers.

The royal prerogatives were continued under the empire. Dom (title used by nobility and members of the church hierarchy) Pedro II (1841-89), educated in the tradition of French rationalism, found little use for religion or clergy. The Catholic Church functioned as an agency of the state and was subject to detailed governmental regulation. The arrangement effectively limited the number and influence of the clergy. By 1889 there were a scant 700 priests to minister to some 14 million souls. Order priests maintained a slim measure of autonomy. The secular clergy were largely untrained; the literature of the period is rife with references to their defects. They were, as one historian put it, "conspicuous neither for their celibacy, erudition nor personal dignity."

The situation improved dramatically in the twentieth century. The church had autonomy in the Old Republic and enjoyed substantial influence during the dictatorship of Getúlio Vargas (see The Vargas Era, 1930-45, ch. 1). The number of dioceses, parishes, and seminaries grew astronomically. Nonetheless, understaffing

was a continuing and growing problem. In the mid-1970s the official figures noted that there were more than 12,000 Catholics for every priest. Further, about half the clergy were foreigners. Of nearly 6,000 parishes, roughly 95 prevent were urban. Most Brazilian clergy came from large (seven or more children) rural families; the priesthood represented an avenue of upward mobility. Many candidates came from the Italian and German immigrant communities in the south; the number of seminarians was continuing to fall in both absolute and relative numbers.

The dearth of trained clergy limited the possibilities for religious orthodoxy. Rural neighborhoods might be visited by a priest once a year. The clergy who were in rural residence were typically attached to a plantation; often being the owner's son, the rural priest's theological training was minimal. In the absence of qualified religious practitioners, the populace improvised both in practice and in doctrine.

Neighborhood Catholicism (*Catolicismo de bairro*) is replete with local saints' festivals and pilgrimages to sundry shrines. Indeed, personal saints and household shrines are the mainstays of the average Brazilian's worship. Saints mediate for the individual, who, in return, professes unswerving loyalty to the saint's cult. The poor believe that however difficult divine Providence may have willed their lot in life to be, a saint to whom one is devoted can still ameliorate some of the harsher conditions. Religious lore is disseminated by itinerant troubadours who travel from market to market; their songs can be bought in pamphlet form. The songs emphasize the importance of devotion to specific saints. A deep sense of personal belief and devotion combines with relative laxity in formal religious practices. Most men believe that religion is the domain and duty of women, attending Mass only on special occasions. Much of their adherence is nominal and pro forma: the ideal is to be baptized, married, and buried in church. There is as well a strain of anticlericalism that is particularly pronounced among Luso-Brazilians.

Messianic movements are a periodic feature of popular religion. Most center on a charismatic leader who denounces present corruption and foretells future destruction for all but his or her followers. The leader seeks to found the "New Jerusalem"—a veritable paradise on earth where the evils of the present social order will have no sway. Small utopian communities periodically spring up in the Northeast and the mountainous regions of Santa Catarina. The fate of these movements at the hands of the local and regional authorities has varied. Most end in open confrontation with the forces of law and order, their adherents forcibly dispersed, often with loss of life. This was the lot of perhaps the most famous messianic movement, that of the followers of Antônio Conselheiro, who settled in Canudos in the Northeast. Like most adherents of messianic movements, the followers were a ragtag lot

Cathedral of the Immaculate Conception, Rio de Janeiro
Courtesy P.A. Kluck

of the rural poor, in this case mostly Nordestinos displaced by droughts. Conselheiro fell out with the local landowners and ecclesiastical authorities, and it took four armed expeditions over a period of years to defeat his community. A few movements have been more fortunate and were gradually integrated into the political and economic life of the surrounding communities.

A host of syncretic Afro-Catholic cults are also common. Although only 1.4 percent list their formal religious affiliation as spiritualist, something in the order of one-third of the population is influenced to some degree by spiritualist beliefs and rituals. Most of them, however, consider themselves ardent Catholics. The cults typically link a West African god with a Catholic saint. Leaders are commonly women; rituals run the gamut from those as staid as a High Mass to others that have more in common with a revival meeting. Spiritualism was formerly confined to the northeastern coast: now it can be found everywhere from Amazonas to Pôrto Alegre.

The tremendous expansion in church organization in the first half of the twentieth century was geared to the middle sectors of society. The church was largely a middle-class organization. It drew its personnel from the middle and lower middle classes. It was supported by those groups and geared to their needs. Education is a case in point. In the late 1960s Catholic schools represented one-third of the institutions of higher education and nearly 30 percent of the country's secondary schools; at the same time,

they accounted for a scant 2 percent of the primary schools.

The Second Vatican Council and the general tumult of the 1950s and early 1960s had a great impact on the clergy and hierarchy. There was a sense that the New Testament might be seen as justification for social involvement. Clergy were active in rural unionization efforts, particularly in the Northeast. The Movement for Basic Education (Movimento de Eduçacão de Base—MEB) was an extensive adult literacy program that aimed not only at literacy but also at general political and social awakening.

Significant aspects of the church's activist programs were dismantled, and the more radical elements of the clergy were purged in the years following the 1964 coup. Within the priestly hierarchy criticism was muted in the midst of a general willingness to "wait and see." The hierarchy was split; there was a substantial majority of moderates, flanked by conservatives and activists. Since the late 1960s the hierarchy as a whole has been increasingly critical of the social costs of Brazil's economic growth and the regime's continued political repression. The nadir was in the mid-1970s when numbers of the clergy were imprisoned and tried for subverting national security, and bishops were pilloried in the press. By the end of the decade the Brazilian hierarchy ranked as perhaps the most socially activist in Latin America. In 1980 the president of the National Conference of Brazilian Bishops, Dom Ivo Lorscheiter, promised Pope John Paul II that his visit to Brazil would give him "a good look at the thorns as well as the flowers."

In the late 1970s and early 1980s there remained points of conflict. The support of bishops for striking workers rankled the military rulers. The Pastoral Land Commission cataloged land disputes in the countryside and publicized information on the deteriorating position of the small landholders. Likewise, the Pastoral Office on Indigenous People and the Indigenous Missionary Council publicized the problems the Amerindians faced as national expansion into the tropical forest continued. Meanwhile, the MEB had evolved into a potentially important grass-roots force consisting of tens of thousands of ecclesiastically based communities (see Liberal Groups, ch. 4).

In the early 1980s over 6 percent of all Brazilians were Protestants—up from a scant half-percent in the late 1930s. The Protestant community contained a variety of mainline denominations as well as a proliferation of fundamentalists and Pentacostal sects of more recent origin. Most of the mainline adherents were descendants of the German immigrants who came in the nineteenth century. Fundamentalists accounted for the precipitous rise in the number of Protestants in the 1940s and 1950s. The first Pentacostals arrived in Brazil soon after the sect got started in the United States; they consolidated their tenuous position in the 1910s and 1920s. In the 1930s they were less than 10 percent of all Protestants, by the mid-1970s more than 75 percent. The princi-

pal converts come from the urban lower and lower middle classes. The conversion experience is associated with upward mobility. The popular view attributes this to the fundamentalists' emphasis on hard work, moral living, and abstention from alcohol and gambling.

Education

In accordance with reform legislation enacted in 1971, the educational system is structured into four "grades" (*graus*): an eight-year primary-school cycle; a three-to-four-year middle level, equivalent to secondary school in the United States; higher education at the undergraduate level; and advanced graduate education. The term *middle school* is used to describe "2 Grade" as a whole to avoid confusion with the secondary schools (*escolas secundárias*), which in Brazil are middle-level institutions whose academically oriented curriculum is designed specifically to prepare students for university entrance.

The basic structural changes introduced by the reform included shifting grades five through eight, formerly lower middle-level grades, to the primary level. The extension of primary school to the eighth grade was in keeping with efforts to give the system greater flexibility, encouraging children to stay in school longer, and allowing them to progress at rates suitable to their abilities. The qualifying examination taken at the end of the fourth grade, which had restricted promotion to the next level, was eliminated.

The administration of public education was decentralized. Primary and middle schools are the responsibility of the state and municipal governments, although participation by the latter may differ from state to state. In general, however, schools in cities are usually operated by municipal authorities at the primary level and in rural areas by the state. Most middle-level schools are under state jurisdiction. The Ministry of Education and Culture in Brasília exercises a direct federal role in operating schools in the several federal territories and special vocational and adult education programs and in public higher education. The federal ministry's primary function is to set national guidelines for education and to rectify regional disparities through financial and technical assistance to state and municipal school systems. A large private-school sector supplements the public system, particularly at the middle level. The majority of private schools operate under the aegis of Roman Catholic dioceses and religious orders. Private schools are also eligible for government subsidies, and tuition is tax deductible.

The formulation of overall educational policy is the responsibility of the Federal Council of Education (Conselho Federal de Educação—CFE), acting under the executive direction of the Ministry of Education and Culture. Composed of a panel of 24 prominent educators appointed by the president to six-year terms of office, the CFE is also charged with establishing minimal

national standards for federal, state, and municipal systems and proposing a syllabus for studies at each grade level. In addition, its members supervise the federal school system, accredit institutions of higher education, and monitor their administration. The federal ministry is vested with decisionmaking powers and implements the CFE's policy recommendations. Each state has a parallel education secretariat and advisory council. Retired military officers frequently fill important administrative posts in the federal and state educational systems.

State and municipal governments are required by law to allocate a minimum of 20 percent of their budgets for primary and middle-level education. Expenditures have grown rapidly at these levels, but great disparities exist in funds available for education among states in different regions. In the state of São Paulo, for instance, more than 30 percent of revenues are channeled into education. Federal funds enable poorer states to compensate for a low-revenue base, but São Paulo's spending on education is at least equal to that of the total federal expenditure for education.

Although federal spending expanded at an annual rate of more than 10 percent during the 1970s, the proportion of the federal budget earmarked for education fell to under 5 percent of the total, and funds declined in real terms because of inflation.

Primary and Middle-Level Education

The restructuring of the educational systems initiated by the 1971 reform law represented a basic shift in philosophy and a reassessment of goals. The latter were stated as improving access to education, retaining students in school for a longer period, making vocational training an integral part of the curriculum for all students through middle school, and equalizing educational opportunities across the country. Rigid academic standards and terminal examinations that kept students, particularly those from lower socioeconomic strata, from advancing to the next grade level were abolished. While responding to middle-class demands by greatly increasing university places, the reform package also insisted on modernizing curricula to include vocational, or "professional," training that would give students who failed to gain admission a practical alternative to university education. Education was officially viewed as a key factor in the country's economic development that was expected to prepare "human resources" for the labor force as well as scholars for the university.

Critics of the system that pertained before the reform attributed a share of the blame for socioeconomic inequality to the inordinate stress laid on year-end examination. Underqualified teachers allegedly gauged their efficiency by the difficulty of the tests they prepared for their students. Failures at the primary level among children from lower income families were so frequent that their schooling was reduced to what was sometimes described as a

babysitting operation. As a result, a majority of children dropped out of school after the fourth grade. Even after the reform, the problem of large-scale failures and school leaving reportedly persisted, especially in rural and depressed urban areas where as many as half of the students repeated the first grade and as many as a quarter were held back in succeeding years. Government-sponsored studies attribute the causes to social problems that are manifestations of poverty—such as cultural backwardness, the need for children to work, recurrent illness, and inadequate nutrition—rather than to flaws in the educational system. A rise in the retention rate in some localities, for example, was linked to the introduction of school lunch programs. Classroom overcrowding in cities and distance to school in rural areas were also cited. Education is compulsory by law through the eighth grade, but enforcement of the regulation is virtually impossible. The continuing problem of school leaving appears to have been underestimated by official statistics in the late 1970s, because children who had in fact dropped out or attended class irregularly were kept on school rolls.

Primary and middle-level classes included many students who were older than assigned age brackets for their grades. Nearly half those in the second four-year grade were 15 or older. Slightly less than 20 percent of those in the 14-to-19-year age bracket nationally were enrolled in middle school, where they represented only about 60 percent of the total. Ten percent studying at this level were over 25 years of age. The age distortion is caused by the incidence of grade repetition, returning school leavers, and part-time students.

The syllabus recommended by the CFE calls for an integrated course to achieve literacy and develop computational skills during the first four years at the primary level. Vocational courses are introduced in upper primary school and are compulsory. The academic side of the curriculum at that level includes Portuguese, science, mathematics, social studies, geography, and history, although not all schools are equipped to offer the full range of subjects up to prescribed norms. Religious instruction under Roman Catholic auspices must be offered in all public schools, but only as an optional course.

The full curriculum is largely restricted to urban schools, which have teachers for each grade and for specialized instruction. Severe crowding is a serious problem, however, in schools in poorer urban areas, and facilities are limited. Schools in smaller towns typically have several classrooms for pupils following a common program at different levels of advancement but seldom offer specialized subjects. The dispersed pattern of rural settlements and underinvestment in primary education usually limit attendance to a dozen or more children in one-room, single-teacher schools, in which there is no real separation of students

into grades. In the mid-1970s they accounted for about two-thirds of all primary schools.

Pre-primary school facilities for children aged five to seven years operate effectively in large urban centers, but they largely draw children from middle-class families and accommodate less than 5 percent in the assigned age bracket.

The most far-reaching changes resulting from the 1971 reforms have taken place in the middle schools. Students attending the three-to-four-year schools at this level elect to enter on either the academic (secondary) or the vocational (professional) tracks. Although there is in practice a high degree of flexibility in both programs of study, the former is designed essentially to prepare students for the next level of formal education, attracting in 1978 about 40 percent of the 2.5 million middle-school matriculants. The vocational track is intended to provide marketable skills for employment in the labor market at graduation as well as further grounding in basic academic subjects.

Admission is open to primary-school graduates, but less than 20 percent of those in the 15-to-19-year age bracket nationally attend middle schools, popularly called colleges (*colégios*), and in the Northeast the figure dips to 10 percent. In some localities the shortage of school buildings is so acute that classes are held in shifts, often in multipurpose facilities. Night sessions are commonly relied on to permit employed students to attend classes.

Middle-level programs in both tracks are divided into classroom hours rather than school years, enabling students to proceed at a pace geared to the amount of time available to them from employment. Depending on the program, requirements can ordinarily be met in the equivalent of three years of full-time study but can be completed in as few as two years or as many as five years or more. In addition to the opportunity that this arrangement gives to students to work and study at the same time, it also facilitates the return of students who leave school prematurely.

The curriculum is based on a "common nucleus" of 1,000 classroom hours, consisting of courses in Portuguese language and Brazilian literature, history, social studies, mathematics, and science. The vocational track includes 130 specialized areas of training within categories for industry, agriculture, primary education, service occupations, and commerce. The last category is the most popular, involving about one-third of all vocational students. A nonspecialized program is available in a "family of skills." Classroom work is supplemented by periods of supervised apprenticeship in facilities maintained by the schools.

All students, including those in the academic track, must participate in a vocational program, although the choice of university-bound students is usually a white-collar skill, such as advertising technology, that may to some degree complement their academic studies. A complete vocational course requires up to 1,200 hours

in a selected field and is rewarded with a certificate as a technician (*técnico*). Lower levels of auxiliary certification—usually sought by students in the academic track—can be achieved after a minimum of 300 hours of specialized study.

The vocational training program, which was the cornerstone of the middle-school reform, was implemented immediately in several states, including Rio de Janeiro and Rio Grande do Sul, but "professionalization" of the curriculum was resisted in others. Enforcement, even in the public school, has been erratic. Some schools, particularly in the private sector, comply with the letter of the law simply by altering the description of traditional university preparatory courses. Implementation has also been impeded in many states by the lack of physical facilities and trained faculty.

Schools in the private sector, which are mainly operated by Roman Catholic diocesan authorities or by religious orders, have made important contributions to education, especially at the middle-school level. Although church-related schools are not the exclusive preserve of the well-to-do and in many instances have served to fill gaps in the public system, they have traditionally drawn the bulk of their students from an established elite and from the upwardly mobile who regard a university education as the next stop after the *colégio*. Although tuition is tax deductible, private schools are expensive and many families make a significant sacrifice to send their children to them, both for the religious environment of Catholic institutions and for their emphasis on academic subjects. With the dramatic expansion of tuition-free public schools, however, parents presented with a choice between a public school and a marginally superior private school have tended to decide for the former. Although the number of their matriculants is stable, private schools have attracted a decreasing share of the total enrollment, about 40 percent in the late 1970s as compared with 60 percent a decade earlier.

Despite the massive growth of higher education, entrance examinations, which are the sole criterion for acceptance, remain highly competitive, with fewer places available than applicants in some degree programs (see Higher Education, this ch.). The examinations are considered so difficult and so crucial that middle-school graduates usually enroll in *curzinhos* (literally, little courses), expensive but intensive preparation courses offered by private educational enterprises, which compete vigorously on the market to recruit students. Although *curzinhos* are expensive, the quality of instruction is highly rated. To compensate for apparent shortcomings of academic preparation within the formal school system, the entrance examinations have been watered down and students encouraged to forgo the *curzinhos*.

A specialized normal-school (pedagogical) program is included among the occupational categories in the middle-school vocational track to train primary-level teachers and prepare a smaller num-

ber of aspiring middle-level teachers for admission to the university. Over 200,000 students, the large majority female, were enrolled in normal schools in the late 1970s. Their number declined proportionally during that period, however, and was not considered adequate to meet the need for qualified teachers.

Primary- and middle-school teachers are certified by the state education authority. Completion of middle-school pedagogical training is required for full primary-level certification, but provisional certification for teaching in the lower primary grades may be given to holders of a teaching assistant diploma who have passed through the normal-school program offered in the upper primary grades. In the early 1970s only about 10 percent of primary teachers were fully certified, and in rural and urban slum schools at least half of the primary teachers had not themselves finished the upper primary grades. According to recommended norms, middle-school teachers should be university graduates in philosophy, science, letters, or education; after a probationary period they must pass a qualifying examination to be certified. Teachers in this category, however, are a minority in most schools. Many classes, particularly in specialized areas and vocational courses, are taught by part-time licensed personnel.

At least 90 percent of primary school teachers and more than half of those at the middle level are women. The late 1970s witnessed a marginal decline in the total number of primary-school teachers; during the same period student enrollment rose by 33 percent. Although an increase was noted in the number of middle-school teachers, it did not keep pace with the rate of growth of students. The student-teacher ratio at the primary level in 1978 was calculated at 25 to one, at the middle level, 14 to one.

The turnover in teachers is regarded as a serious problem. Teaching is a respected profession in Brazil and confers status in the community, but salary levels are low and working conditions poor. A large proportion of young teachers leave the profession after a few years for better paying jobs or, among the women who make up the bulk of primary-level personnel, for marriage.

Higher Education

Priority in the expansion of education after 1964 went where the discrepancy between demand and supply seemed greatest—to higher education, classified 3 Grade at the undergraduate and 4 Grade at the graduate level. In 1979 there were a total of 887 accredited institutions of higher education. These included 65 universities, of which 44 were public and charged only nominal fees. Quality varied; some were respected schools of medicine, law, engineering, architecture, design, and music, while others were criticized for their lax standards. In the 1970s a group of about 20 public universities were considered Brazil's top-ranking institutions; the University of São Paulo was recognized as the

most prestigious. Despite its expansion, access to higher education is unevenly distributed. Nearly 90 percent of all institutions are located in the Southeast and the South.

Universities are self-regulating through representative councils but are subject to oversight by the CFE. The basic unit of organization in each, however, is the faculty (*faculdade*), an entity offering courses in a field of concentration and setting comprehensive examinations in them. Many institutions have but one faculty; a university must have at least five. The faculties have traditionally been headed by the holder of an endowed chair, but there is a strong trend toward a departmental system and professional ranks on the United States model. About 10 percent of university teachers hold terminal degrees in their disciplines, but overall less than 20 percent have full-time appointments.

The surge of applications for admission has been so great that administrators seem concerned principally with making places for the new students. The policy of public universities is to accommodate the greatest number of students at the lowest cost by favoring expansion of faculties having the least overhead, such as the humanities, while limiting the growth of new faculties in expensive technology-intensive disciplines, although graduates in these areas seem to be those most needed for the country's future development. Competition for places, therefore, is stiffest in medicine and engineering, which have the fewest places despite high demand for them. Fully one-third of total enrollment in the late 1970s was in the humanities, where low-cost expansion is possible. Having 20 percent of all students, economics and business administration are the fastest growing faculties. Law, formerly the most popular, has fallen to 10 percent of the total. Education and biological sciences are in low demand; hence, admission to them is most accessible.

First-year students register for a cycle of basic studies before proceeding into an area of exclusive concentration leading to a degree from a particular faculty. Courses of study may vary from three to six years in duration, depending on the degree program. A degree in medicine, for example, requires the equivalent of six years of full-time work, law and engineering five years, and the humanities three to four years. A specific sequence of courses and the switch from comprehensive examinations to a credit system for evaluating progress have reduced the incidence of "professional students" who clutter universities in other Latin American countries.

Formerly, examinations for entrance to specific faculties had minimum cutoff scores that eliminated unqualified applicants for admission even if available places went unfilled. As a result of the education reform, this procedure was replaced by standardized computer-coded tests taken simultaneously throughout the country; these allow the admission of as many applicants as there are places available that year. Critics argue that the transformation has

meant quantitative change at the expense of quality performances. The basic cycle of courses for first-year students may serve as a remedial program to prepare less than qualified matriculants for specialized studies in their chosen degree program.

Literacy and Adult Education

The share of the population 10 years and older classified in census data as "literate" rose form 40 percent in 1940 to nearly 70 percent in 1970. The government campaign to combat illiteracy was intensified during the 1970s, and by 1978 it was estimated that 77 percent of all Brazilians in that age category were literate.

Definitions of literacy differed, however, and officially indicated literacy levels are regarded as optimistic by some observers who consider that much of the population classed as literate either has never become fully literate or has relapsed into illiteracy. Regional differences are also considerable, as is the disparity between literacy in urban and rural areas. By whatever yardstick literacy is measured, however, data show a significant degree of progress accomplished by the literacy campaign in recent years.

A massive nonformal program was inaugurated in 1970 with the founding of the Brazilian Literacy Movement (Movimento Brasileiro de Alfabetização—MOBRAL), which by mid-decade had offered instruction to several million persons who had not been reached by the formal system. MOBRAL is government sponsored but autonomous in its operation. Its literacy courses are five months in duration and are usually conducted in the evening by teachers from the regular school system. Individual programs are community based and administered locally, MOBRAL confining itself to setting up courses and providing financial support. Funds for the program come from lottery proceeds and tax deductible contributions from private companies. Municipalities failing to cooperate run the risk of a reduction in federal funding for other projects.

Several government and private vocational programs provide training for young adults and the unemployed. The Intensive Manpower Training Program (Programa Intensive de Preparação de Mão-de-Obra—PIPMO) provides on-the-job instruction to several hundred thousand employed in all sectors of the economy. The privately administered National Service for Industrial Apprenticeship (Serviço Nacional de Aprendizagem Industrial—SENAI) sponsors programs for unemployed youth through apprenticeships in industrial occupations as well as intensive vocational training for adults. A parallel National Service for Commercial Apprenticeship (Serviço Nacional de Aprendizagem Comercial—SENAC) offers training in 90 different occupations in commerce and the service sector. Programs are conducted in retail outlets and hotels and restaurants owned and operated by SENAC. The work of both services is supported by a voluntary payroll tax. Both are highly regarded for their effectiveness and have contributed to Brazil's

reputation as a world leader in the area of nonformal kinds of vocational training. On the basis of their success in industry and commerce, the National Service for Professional Rural Training (Serviço Nacional de Formação Professional Rural—SENNAR) was established in 1979 to extend vocational education to agricultural workers.

Health and Welfare

Health hazard and, consequently, life expectancy vary greatly by kind and incidence relative to socioeconomic background and region. According to WHO, about 40 percent of all Brazilians lack adequate medical coverage. The health care provided was regarded as substandard, and modern delivery systems were concentrated in population centers of the South and Southeast. Significant disparities were also noted in sanitation and nutrition. Brazil's investment in medical and other health-related items was not commensurate with the country's national wealth, amounting in the late 1970s to only about 2.5 percent of the gross national product.

The federal government's Ministry of Health delegates responsibilities to state and municipal authorities and coordinates their activities with those of concerned ministries and agencies operating within the national health system. While that ministry deals directly with collective programs, the Ministry of Welfare and Social Security handles individual cases, the Ministry of Education and Culture the training of medical personnel, and the Ministry of Interior sanitation; state and local governments are charged with the enforcement of regulations and the operation of community-based facilities. A "grass-roots" health program supervised by the Ministry of Health aims at providing low-cost, community-based treatment, including immunization, nutritional guidance, and improved sanitation. One of the system's shortcomings, however, is its apparent failure to rationalize the supply of services.

Parasitic diseases are blamed for about 16 percent of all deaths in Brazil, and they are estimated to be the cause of about twice that rate of mortality in the Northeast and the North. Some sources indicate that as much as half of the population may suffer from some kind of parasitic infection, and the rate approaches 100 percent in some areas of the Northeast. Other significant causes of death are communicable diseases and malnutrition. The latter is probably the principal factor in mortality among infants and small children and contributes to death from other sources among people of all ages. Circulatory diseases, accounting nationally for about one-quarter of all deaths, and cancer are reported as the causes of death principally in urban areas, perhaps because ailments of this sort often go undiagnosed in the country. Respiratory ailments are believed responsible for another quarter of all deaths; pneumonia and influenza are the most prevalent in the

South. Tuberculosis is endemic in all regions and most frequently affects those in the economically productive age-groups.

The most prevalent parasitic ailments are malaria, Chagas' disease, and schistosomiasis. Of these potential vector-borne diseases, only malaria has been successfully contained; about 94 percent of the cases reported are in the Amazon region and Mato Grosso. Chagas' disease dehabilitates the victim and, through heart damage, may eventually cause death. Its carrier, a blood-sucking insect called the *barbeiro*, infests the walls and thatched roofs of wattle-and-daub houses in the countryside and reportedly infects millions. Schistosomiasis causes severe liver damage and is contracted by eating snails and shellfish that act as the fluke's host or by contact with polluted water. Poor sanitation facilitates its transmission through untreated sewage. The disease is endemic in the seaboard states but has been spread through migration. Other serious vector-borne diseases include hookworm, trachoma, filariasis, leishmaniasis, yaws, and yellow fever. Yellow fever, possibly Brazil's most feared health hazard in earlier years, was reported eradicated in 1958. The mosquito vector, *aades aegypti*, was reintroduced from outside the country several years later, however, and scattered cases continue to be reported.

Among the communicable diseases, influenza and dysentery are the most frequently reported. Next in order are tuberculosis, measles, whooping cough, and syphilis. Measles was responsible for numerous deaths in the 1970s among Indians in the Amazon lowlands, where it had been introduced by settlers. Among other serious maladies are leprosy, typhoid, and tetanus, which are dispersed throughout the country. The occurence of meningitis is occasionally epidemic.

An extensive program for the immunization of children has reduced the incidence of diphtheria, tetanus, and whooping cough and virtually eliminated smallpox and polio. Nevertheless, it is estimated that 80 percent of deaths from parasitic and communicable diseases in the late 1970s could have been prevented by appropriate intervention. Serious outbreaks of disease have usually been necessary to bring about improvements in preventive measures. Although inoculation is effective in reducing the incidence of diseases of this nature, poor sanitation, unpotable water supply, and nutritional deficiencies have been judged to be barriers to long-term improvement in health conditions.

The number of physicians practicing in Brazil in the late 1970s rose sharply from the previous decade to approximately 80,000—about one physician for 1,500 people nationally—but that figure was below the Latin American average in terms of population served. Fully qualified medical personnel were unevenly distributed across the country. Half of all physicians were practicing in the São Paulo and Rio de Janeiro areas, and the number active in the largest cities and state capitals was four times greater

than the number practicing in the rest of Brazil. Work in rural areas is often carried out by paramedical personnel.

In 1978 there were 9,700 hospitals and 5,700 clinics, the latter generally staffed by paramedics. About 1,000 such facilities were added annually in the late 1970s. Possessing about 500,000 beds and other places available for patients, hospitals and clinics treated an average of 10.5 million persons a year during that period, about four times as many in urban as in rural areas. The disparity in accessibility to hospital care was particularly acute in obstetrical cases, which accounted for almost 20 percent of total admissions.

Through programs administered by the federal government's National Food and Nutrition Institute (Instituto Nacional de Alimentação e Nutrição—INAN), attempts were underway in the late 1970s to promote a better distribution of foodstuffs to depressed areas of the country and to lower costs. Food supplements to the "biologically vulnerable"—pregnant women, lactating mothers, and small children in low-income groups—were also provided by the agency.

Welfare activities are administered by public and private agencies, whose activities frequently overlap. During the 1970s, however, the federal government assumed additional responsibilities for welfare and social and health insurance through the upgrading of the Ministry of Welfare and Social Security.

Health insurance is arranged for urban occupational groups through trade and professional unions in programs linked to those of the federal ministry. Employees of the large public sector receive similar benefits through the Social Security Welfare Institute for Public Servants (Instituto de Previdência e Assistência dos Servidóres do Estado—IPASE). Coverage was extended to rural workers with the establishment of the Rural Worker Welfare and Social Security Fund (Fundo de Assistência e Previdência do Trabalhador Rural—FUNRURAL) in 1970. Although more limited in scope and effectiveness than the other programs, FUNRURAL has made important improvements in rural health care. In addition, the Medicament Center (Centro de Medicamentos—CEME), a federal agency established in 1971, furnishes drugs free or at a reduced cost to lower income groups. Its purchases constitute about half of the annual sales of the entire pharmaceutical industry.

Employers are required to deposit in controlled accounts a portion of each employee's earnings as insurance against unemployment. Deposits may be withdrawn on retirement, and accrued interest may be used for specific purposes, such as the purchase of a dwelling. Additional forced savings programs also operate under private and government auspices.

The focal point of the public welfare program is the National Social Security Institute (Instituto Nacional de Previdência Social—INPS), which operates under the supervision of the federal ministry. Contributions to the INPS fund are determined on the basis of the

worker's income; the employer is required to match this amount. The fund provides compensation for sickness and disability as well as a pension collectible from the age of 65 for men and 60 for women. The INPS also administers survivors' pensions and maternity benefits.

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There is a wealth of English-language material on Brazilian society. General background works include Charles Wagley's *An Introduction to Brazil*, Celso Furtado's *The Economic Growth of Brazil*, T. Lynn Smith's dated but still useful *Brazil: People and Institutions*, and E. Bradford Burns' *A History of Brazil*.

Gilberto Freyre's *New World in the Tropics* and *The Masters and the Slaves* are classic studies of Luso-Brazilian culture and mores. Daniel Gross' "The Indians and the Brazilian Frontier" offers an analysis of the current situation of the Amerindian population, and Betty Meggers' "Environment and Culture in Amazonia" examines indigenous adaptation to the tropical forest environment. Marvin Harris' *Patterns of Race in the Americas* and Donald Pierson's *Negroes in Brazil* provide useful background information on Afro-Brazilians and on Brazilian notions about race. Robert Conrad's *The Destruction of Brazilian Slavery* is extremely instructive. *Racial Discrimination and Black Consciousness in Brazil* by Thomas Sanders deals with changes in the 1970s.

For information on nineteenth- and twentieth-century immigrants the reader might consult Sanders' *Japanese in Brazil*, Douglas Graham and Sergio Buarque de Hollanda Filho's *Migration, Regional and Urban Growth, and Development in Brazil*, and Thomas Holloway's "The Coffee *Colono* of São Paulo, Brazil."

Stanley Stein's *Vassouras*, Harry Hutchinson's *Village and Plantation Life in Northeastern Brazil*, and Warren Dean's *Rio Claro* all describe nineteenth- and twentieth-century plantations. More contemporary studies of rural Brazil include Robert Shirley's *The End of a Tradition*, Allen Johnson's *Sharecroppers of the Sertão*, and Maxine Margolis' *The Moving Frontier*. Manuel de Correia Andrade's *The Land and People of Northeast Brazil*, Shepard Forman's *The Brazilian Peasantry*, and William Saint's "The Wages of Modernization," detail conditions for small farmers, sharecroppers, and wage laborers.

Thomas Merrick and Graham's *Population and Economic Development in Brazil* is a comprehensive look at migration and labor movements; unfortunately, most of their statistical data end with the 1970 census. Emilio Moran's *Developing the Amazon* and "Ecological, Anthropological, and Agronomic Research in the Amazon Basin" describe the 1970s settlement of the Amazon as well as the state of the art of tropical forest agricultural production. George Martine's "Adaptation of Migrants or Survival of the

Fittest? A Brazilian Case" examines rural-urban migration.

Janice Perlman's *The Myth of Marginality* is a valuable description of several Rio *favelas*. Richard Morse's *From Community to Metropolis*, a history of São Paulo, is useful. Marcos G. da Fonseca's "An X-Ray of Brazilian Income Distribution" and Guy Pierre Pfefferman and Richard Webb's *The Distribution of Income in Brazil* discuss changes in income distribution. Kenneth Paul Erickson's *The Brazilian Corporative State and Working-Class Politics* and Sanders' *Brazil's Labor Unions* describe workers' efforts to organize. Dean's *The Industrialization of São Paulo 1880-1945* and Peter Evans' *Dependent Development* describe the formation of the commercial and industrial elite. Peter McDonough's *Power and Ideology in Brazil* sketches changing career patterns and social mobility between the middle and upper classes. (For further information and complete citations, see Bibliography.)

Chapter 3. The Economy

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Men tossing coffee beans to clean and dry them

BRAZIL IS A LARGE DEVELOPING COUNTRY, fifth largest in the world in area, sixth largest in population, and tenth largest in economic size. For nearly five centuries it has undergone development, and in this century economic growth has been rapid and sustained. Between 1932 and 1979 real gross national product increased an average of 6.3 percent a year and industrial output by about 9 percent a year. In 1981 the gross national product was the equivalent of US$250 billion, about US$2,000 on a per capita basis. Brazil could be classified a newly industrialized nation by some measures.

In 1982 the country continued to have a huge agricultural sector that supplied produce for domestic consumption and raw and processed exports. Brazil was one of the world's larger exporters of agricultural products. At the same time, only four industrialized countries had as large a share of gross domestic product contributed by industry. Only eight developed nations exceeded the absolute value of Brazil's industrial production. The nation's steel industry ranked tenth in the world and the chemical industry seventh. Industry produced a wide range of consumer and producer goods. Manufactured exports included arms, airplanes, made-to-order capital equipment, and electronic gear.

Nevertheless, vast portions of the country were scarcely inhabited. Huge deposits of minerals, large stands of timber, and many hydroelectric sites remained for exploitation. Modernization had been localized geographically and in terms of the population. Many people were extremely poor and lived in primitive conditions. Further development and improvement of the situation of the disadvantaged depended on prosperity in world markets and a flow of foreign capital, because the scale and number of projects in Brazil exceeded the country's own resources. In the early 1980s foreign help was difficult to obtain, and the country faced a period of austerity to meet payments on earlier loans. How the population would react to slowed economic growth after a half-century of rapid expansion remained to be seen.

Growth and Structure of the Economy

After the arrival of the Portuguese in 1500, economic development of Brazil became linked with the political and economic situation in the major nations of the world. Because of excessive reliance on one or two export commodities throughout most of its history, economic growth has been largely in fits and starts, reflecting changing market conditions abroad. After nearly five centuries of development, Brazil's economy has become more diversified and less dependent on just a few commodities. Nonetheless, even in 1982 the country's economic well-being was

still closely related to international commodity and financial developments.

The Portuguese who discovered and claimed the land that became Brazil did not know its extent. In fact, the present boundaries of Brazil were established only over the centuries. The country is larger than Western Europe or the 48 contiguous states of the United States. Exploration, colonization, and development progressed unevenly, often in terms of the five geographical regions: the Northeast (Nordeste); the North (Norte), which included most of the Amazon Basin; the South (Sul); the Southeast (Sudeste); and the Center-West (Centro-Oeste) (see Geography, ch. 2). The uneven regional development pattern remained a problem in the 1980s.

Portugal's small population and limited resources restricted the development that could be attempted in its Brazilian colony, particularly because its Asian possessions appeared richer and at first received priority (see The Colonial Period, ch. 1). Economic development in the first years after discovery was largely confined to cutting brazilwood for export to Europe where the extract from the wood was used as a textile dye. This activity was confined to coastal areas and required few workers and little in the way of infrastructure.

By the mid-sixteenth century more extensive development was under way, based on the cultivation of sugarcane and the export of sugar. The Portuguese mastered the techniques and became sugar exporters as a result of large-scale experiments on the Azores and Madeiras during the late fifteenth century. The experience proved highly profitable when applied in Brazil's Northeast region. Sugar became the dominant crop. By the late sixteenth century sugar was one of the main commodities in international trade, and Brazil had become the major source. When the Dutch occupied northeastern Brazil (1630-54), they learned the sugar business and created a competitive industry in the Caribbean. The enlarged supply forced down sugar prices during the latter half of the seventeenth century, and prices remained low for more than a century. After 1650 the volume of Brazil's sugar exports fell by about 50 percent at the same time that the price per ton dropped more than 50 percent.

The sugar boom provided the stimulus for the initial development of colonial Brazil. The cultivation of sugarcane was most economical on large areas, such as plantations, and required a large supply of cheap labor. Although some settlers arrived from Portugal, most of the labor in the sugar industry came from slaves—both indigenous Indians and blacks from Africa. Some of the Portuguese settlers relied on the capture and sale of Indian slaves to plantations for their livelihood. Other settlers raised livestock, which the plantations needed for draft power and meat. Other settlers took advantage of homesteading laws and became

subsistence farmers or sold their small surplus produce to the plantations and emerging urban centers. Sugar processing required substantial amounts of wood for fuel. Although the sugar industry was largely confined to the Northeast (with a minor center near Rio de Janeiro), close to the sea for ease of transport, the settlers increasingly had to push inland to enslave Indians, to obtain wood, and to find grazing areas for the expanding cattle herds.

The next surge of development, lasting through most of the eighteenth century, was based on mineral exports. The primary product was gold, but exports included diamonds and other gemstones. Gold mining was mainly alluvial panning, a labor-intensive activity. Mining was concentrated in the area that became the states of Minas Gerais, Goiás, and Mato Grosso, shifting the economic center of colonial Brazil southward from the Northeast (see fig. 1). Gold attracted workers not only from the Northeast sugar areas, including slaves, but also substantial numbers from Portugal itself. Gold exports peaked during the 1750s; prosperity subsequently declined in the mining industry. The search for gold had revealed rich iron ores, however, which formed the basis for a small, emerging ironworking industry, fabricating tools and some machinery. Farming, cattle raising, and crafts expanded to meet the needs of the growing population and expanding economy. Transport was primarily by boat, so shipbuilding, repair, and supply (sails, rope, and so forth) became important. Mining stimulated a variety of activities, although they remained small scale and localized.

After the mid-1700s the mining boom subsided, and the economy settled into nearly a century of stagnation. Production was largely for subsistence or on nearly self-sufficient units, although some exports of sugar, hides, cotton, cocoa, and a few other commodities continued. International price levels for these exports tended to remain low, however, greatly reducing the profitability and the stimulus provided to economic growth compared with earlier periods.

Coffee was introduced into Brazil in the early 1700s, but cultivation was widespread and for local consumption. Coffee began to acquire commercial importance late in the eighteenth century as international prices rose because of disruption of supplies from other countries. By the 1830s coffee exports accounted for 18 percent of the value of Brazil's exports and ranked third after sugar and cotton. By the mid-1800s coffee was the country's leading export, amounting to more than 40 percent of total exports (see The Economy under the Later Empire, ch. 1).

Initially, coffee for export was cultivated primarily in the hills behind Rio de Janeiro because of the ease of transport to ports and the availability of labor no longer employed in mining. Early development relied mainly on slaves working on large plantations. Contrary to the sugar industry, in which foreigners controlled the

trade, transport, and financing, local entrepreneurs were involved in both the production and the commercial ends of the coffee business. They formed a new managerial class that exerted considerable influence on Brazil's future development. As soil fertility declined over the years, coffee production shifted to additional areas, mainly southward into São Paulo and later into Paraná and Rio Grande do Sul.

From the beginning the coffee boom increased foreign trade, transport, and incomes, adding to demand. Once the underemployed resources remaining from the mining boom were engaged in production, expansion of coffee exports required committing more resources. The need for additional workers became critical. Increasing antislavery efforts diminished and then in the 1850s abolished the import of slaves, and slavery itself became illegal in 1888 (see The Slavery Question, ch. 1). An expanding flow of immigrant wage labor from Europe, particularly Italy, provided additional workers for expanding coffee production. Various measures by the government and coffee growers, especially after 1850, facilitated emigration from Europe, which became quite large by the late 1800s. These European immigrants brought technical and entrepreneurial skills, which contributed substantially to Brazil's subsequent development (see Immigrants of the Nineteenth and Twentieth Centuries, ch. 2).

The coffee boom accompanied other major changes in the country's economic situation. In 1785 a royal decree banned almost all manufacturing in the Brazilian colony. After the Portuguese court fled to Brazil in 1808, the prohibition was rescinded, and manufacturing and other development was encouraged. In 1844 the Portuguese trade treaty with Britain that had effectively stifled any industrialization in Brazil for nearly a century and a half expired. After the lapse of the treaty, emerging manufacturing industries received tariff protection (see Problems of Foreign Policy, ch. 1). In 1889 the country became a republic in which landowners and businessmen exerted strong influence on government policies.

In the second half of the nineteenth century, considerable expansion and diversification of the economy occurred. Profits from coffee exports provided funds for expansion of coffee production and industrial investments. The foreign exchange earnings from coffee instilled confidence so that foreigners invested in and developed railroads, electric power plants, and other essentials for economic development (see Economy under the Later Empire, ch. 1). The railroad from Santos to São Paulo and westward, for example, initially opened new areas to coffee production and subsequently to industrialization. The railroad was an important ingredient in the concentration of manufacturing in São Paulo. Celso Furtado, a well-known Brazilian economist and former economic minister, estimated the growth of real per capita income

at about 1.5 percent a year over the last half of the nineteenth century, a rate probably above that for Europe or the United States.

This substantial rate of economic growth was not shared equally by region. Development and growth were concentrated in the center and southern coastal states. Moreover, the influx of Europeans, the development of transportation and infrastructure, and the start on industrialization in the area of São Paulo-Rio de Janeiro ensured that the Southeast would have a long-lasting edge over other regions in growth and development. The South achieved considerable development based on coffee and other agricultural products.

The Amazon Basin experienced a meteoric rise and fall of incomes from rubber exports. Amazonian Indians had long tapped rubber trees for their own use, and exports from Brazil began in the 1820s. Exports remained low (averaging less than 2,000 tons a year) until mid-century but then began to expand, particularly with development of the automobile, averaging 35,000 tons a year in the first decade of the twentieth century. By World War I rubber plantations in Asia, stocked with seedlings smuggled out of Brazil, were producing at lower costs and quickly took over most of Brazil's markets.

The Northeast largely stagnated once the sugar boom subsided in the late 1600s. Agriculture remained the primary activity. Cattle, sugar, and cotton were the main products, each of which experienced short periods of prosperity when international conditions and prices turned favorable. Cotton exports, for example, became substantial when the American Civil War shut off supplies from the United States. For most of the time, however, the population lived close to the subsistence level. By the latter part of the 1800s, there were already signs of growing population pressure on the land when an extremely serious and protracted drought from 1877 to 1880 damaged crops and killed most of the livestock. Famine also killed a large number of the rural population, and many refugees flooded urban centers. Numerous inhabitants of the Northeast (Nordestinos) moved to the Amazon Basin to become rubber collectors in that area's development surge. When rubber exports fell after World War I, the Amazon population essentially reverted to subsistence activities.

The coffee industry continued to expand up to the Great Depression of the 1930s. By the end of the 1880s Brazil was supplying about three-quarters of the coffee in international trade. Coffee production amounted to about 3.7 million 60-kilo bags in 1880, about 16.3 million bags in 1901, and about 28.9 million bags in 1929. A growing excess of supply began to push world coffee prices down, but by the early 1900s Brazilian growers were able to obtain a domestic support program that held part of the yield off world markets and kept export prices high (see The Economy under the First Republic, ch. 1). The high support prices encour-

aged greater production, however, which increased by nearly 100 percent between 1925 and 1929 alone because of the expansion of plantings. In the late 1920s coffee exports accounted for over 70 percent of export earnings. By the late 1940s coffee remained Brazil's major export, but coffee exports had dropped to 42 percent of the value of the country's total exports; the country's share of the world coffee trade had fallen to a little more than 50 percent.

The coffee boom spurred industrialization late in the nineteenth century (see Manufacturing, this ch.). By the 1920s the industrial sector was well established. The sharp fall in international coffee prices in the world depression of the 1930s required severe contraction of imports, which prompted local manufacturers to produce substitutes for foreign goods no longer available. Government policies and investments also furthered industrialization (see Role of Government, this ch.). Although the Great Depression imposed major adjustments and a reduction of production, by 1934 the economy's output had regained the 1929 level. Expansion continued at a slow pace. Furtado estimated economic growth at a little above 2.5 percent a year between 1929 and 1947, only slightly above population growth.

Brazil emerged from World War II with considerable pent-up demand and substantial foreign exchange reserves. Relaxation of trade and currency controls resulted in a high level of imports and exhaustion of these reserves by the early 1950s. A concerted, successful drive to attract foreign capital investment (especially in the automotive industry), restriction of imports, and government incentives stimulated industrialization, which contributed to a high level of economic growth. Between 1945 and 1962 industry grew at an average rate of 8 percent per year, and real gross domestic product (GDP) increased by 6.8 percent a year between 1950 and 1961. For the first time in Brazil's history, internal demand rather than external factors provided the stimulus for economic growth.

The rapid expansion of manufacturing was primarily based on substitution for imports. Exports increased slowly, and manufactured exports (excluding food) were less than 7 percent of total exports by 1962; coffee accounted for 53 percent of total exports. Although imports also increased slowly, large-scale foreign borrowing was necessary to balance international payments. Other major imbalances appeared. Government policies discriminated against the agricultural sector (except coffee and sugar where the producers retained considerable influence), while contributing to inefficiencies in industry. Growing budget deficits and accompanying monetary expansion accelerated the rate of inflation, which exceeded 100 percent at times in 1964. Social unrest spread in the early 1960s (see The Crisis of 1961, ch. 1). In 1963 economic growth was only 1.6 percent, which meant a decline in per capita terms.

The economy was plagued by shortages and dislocations, and the country fell behind in meeting foreign debt payments.

In 1964 the military took over the government to restore order. An economic stabilization progam was instituted, but changes were gradual rather than drastic in order to avoid a major recession. The foreign debt was again rescheduled. Government expenditures were curtailed, and budget deficits were reduced. Price and wage controls were imposed along with other measures. The effects reduced the rate of growth of GDP to an average 3.6 percent a year and industrial output to 3.6 percent a year between 1964 and 1967. The rate of inflation was reduced to 27 percent by 1967. The program effectively adjusted the economy for a return to high rates of growth.

The period between 1968 and 1974 has often been called Brazil's economic miracle. GDP increased at the impressive average rate of 11.5 percent a year; manufacturing at 13.9 percent a year and agriculture at 5 percent a year. These high rates of growth resulted in part from expansionary government policies and a return to production of the considerable idle manufacturing capacity that existed in 1967. In addition, a substantial expansion of world trade and a high level of capital movements created a favorable international environment. Brazil's exports increased an average of 27 percent a year while exports of manufactured goods rose 38 percent a year. Moreover, the rapid economic growth was accompanied by declining inflation and a modest rise in the external debt. Some economists argued that it was not a miracle but merely a return to sensible policies that allowed the economy to catch up with its long-run potential after being diverted by poor economic management.

Brazil has a high income elasticity of import demand—meaning that imports grow substantially with each increment in GDP. This reflects the economy's need for sophisticated capital equipment and many primary and intermediate goods produced domestically in insufficient quantities or not at all. World inflation in the 1970s, particularly the quadrupling of crude oil prices in 1974, caused Brazil immediate difficulties in paying the higher value of imports, even though export growth had been considerable. In addition to the sudden deterioration in terms of trade, agricultural production—particularly food for domestic consumption—began to falter, and aggregate demand became excessive. After 1973 the balance of payments imposed constraints on growth while inflation accelerated.

Officials attempted to sustain as high a rate of growth as possible. Between 1973 and 1978 GDP increased an average of 7 percent a year even though there was substantial variation from year to year. Imports were restrained through a variety of measures, and import substitution was encouraged. Crude oil imports were reduced, for example, and a noteworthy, but long-term, program of fuel production from sugarcane was begun (see Energy, this

ch.). The other major recourse to sustained growth was to borrow abroad. Brazil's foreign indebtedness increased sharply in the 1970s, expanding nearly fourfold between 1973 and 1978.

In 1979 the economy suffered serious setbacks. Substantial crop losses, because of drought in the southern states and flooding in other parts, increased domestic prices and caused a loss of about US$1.8 billion in the balance of payments. Subsidies and other public expenditures proved difficult to control, adding to fiscal deficits, while the money supply increased more than expected. Inflation mounted to 77 percent for the year. Oil exporters again drastically increased prices. In 1979 the prices of oil to Brazil nearly doubled, and the increases were about the same in 1980. The country depends on imports for about 75 percent of its petroleum supplies, and the oil import bill was about US$10 billion in 1980. The setbacks slowed economic expansion to 6.4 percent in 1979, but real GDP increased 8 percent in 1980 because of good agricultural harvests and increased industrial production—both sectors boosting exports.

A series of expansionary measures begun in 1979 stimulated an already overheated economy and was reversed by early 1981. Contraction brought on the most severe recession in more than 30 years. In 1981 real GDP declined by 3.5 percent and by 5.8 percent on a per capita basis. The industrial production index fell 9.6 percent and that for just manufacturing by almost 10 percent. Automobile and truck production was the most seriously affected, dropping by 33 percent. In contrast, the agricultural sector grew by 6.8 percent. Declining industrial activity caused unemployment to rise, and real wages fell. Contraction of the economy reduced inflation less than hoped. The price index (December to December) was up 95 percent compared with 110 percent in 1980.

The country's large foreign debt was a major concern to officials and international bankers. Substantial foreign loans were needed annually to meet existing debt obligations. In 1981 world bankers were closely watching the economic management of Brazilian officials. In 1982 several countries, such as Mexico, Argentina, and Poland, experienced difficulties in making debt service payments, some required rescheduling of their debt. As a result the international banking community was examining the risks in additional loans to developing countries. By late 1982 Brazil reportedly found it difficult to borrow the final sums necessary to meet its debt service. Although the economy was much more diversified than in its earlier history, the country's economic health still depended significantly on developments in the world's commodity and financial markets.

The changing structure of the economy has been quite remarkable since World War II. The most profound change has been the decline of agricultural activities and the expansion of industry. In

1947 agriculture (then the most important sector) contributed about 28 percent of GDP compared with 10 percent in 1980. In contrast, industry, including energy, mining, and manufacturing, increased from 22 percent of GDP in 1947 to thirty-eight percent in 1980. Various services accounted for 50 percent of GDP in 1947 compared with 53 percent in 1980.The change in employment was also considerable. In the 1950 census 64 percent of the work force was employed in agriculture, compared with 13 percent in industry. In 1979 about 32 percent of the economically active population worked in agriculture and 24 percent in industry, including construction.

The contrasting growth patterns of industry and agriculture reflected what some economists caled Brazil's dual economy. Industry used modern techniques and attained high productivity. Associated with industry in the modern sector were trade, transportation, and finance. In 1970 this modern sector was estimated to account for about 85 percent of GDP and to employ about 45 percent of the nonagricultural labor force, although two-thirds of these workers were in low-skilled jobs. The importance of the modern sector increased during the 1970s.

Agriculture used largely traditional practices having low productivity. Few farmers used modern techniques and inputs to lift yields. Before the 1980s agricultural output had been raised primarily by extension of the cultivated area. Opinions differed on the suitability for cultivation of the remaining new lands, which were primarily located in the Amazon basin. Some argued that Amazon soils could sustain continual production with care. Opponents claimed the opposite and pointed to significant ecological damage once the forest cover was cut. Officials recognized that agricultural output needed to grow more rapidly and that much could be done to raise yields from lands already cultivated. The need was becoming most acute in basic food supplies, the imports of which were increasing (see Crops, this ch.). It was a long-term problem, however, because considerable institutional development and infrastructure building would be necessary to distribute inputs and move the resulting produce to markets.

Although the transportation system was adequate for the current needs of the economy, new economic development usually required major investments in ancillary transportation services. Before the 1930s roads and railroads primarily linked production centers to seaports, and there were some connections between major urban centers. By the 1980s a start had been made on a national road system connecting the various parts of the country. Construction costs were high, and maintenance had proved costly, however, slowing extensions to the system as well as the addition of feeder roads off the system. In a country as large as Brazil with its difficult terrain, a developed transportation system, such as exists in the United States or Europe, remained many years off (see fig. 7).

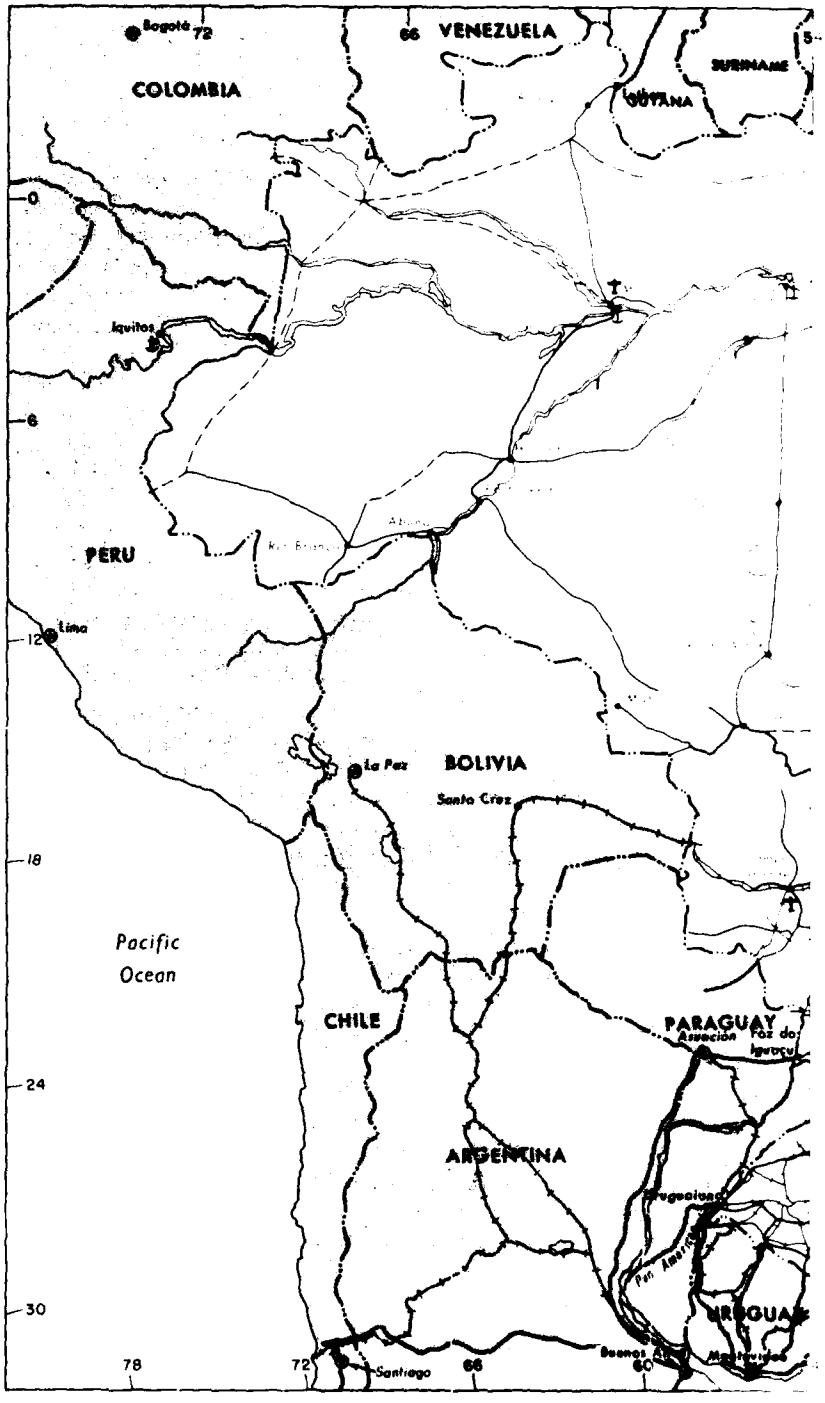
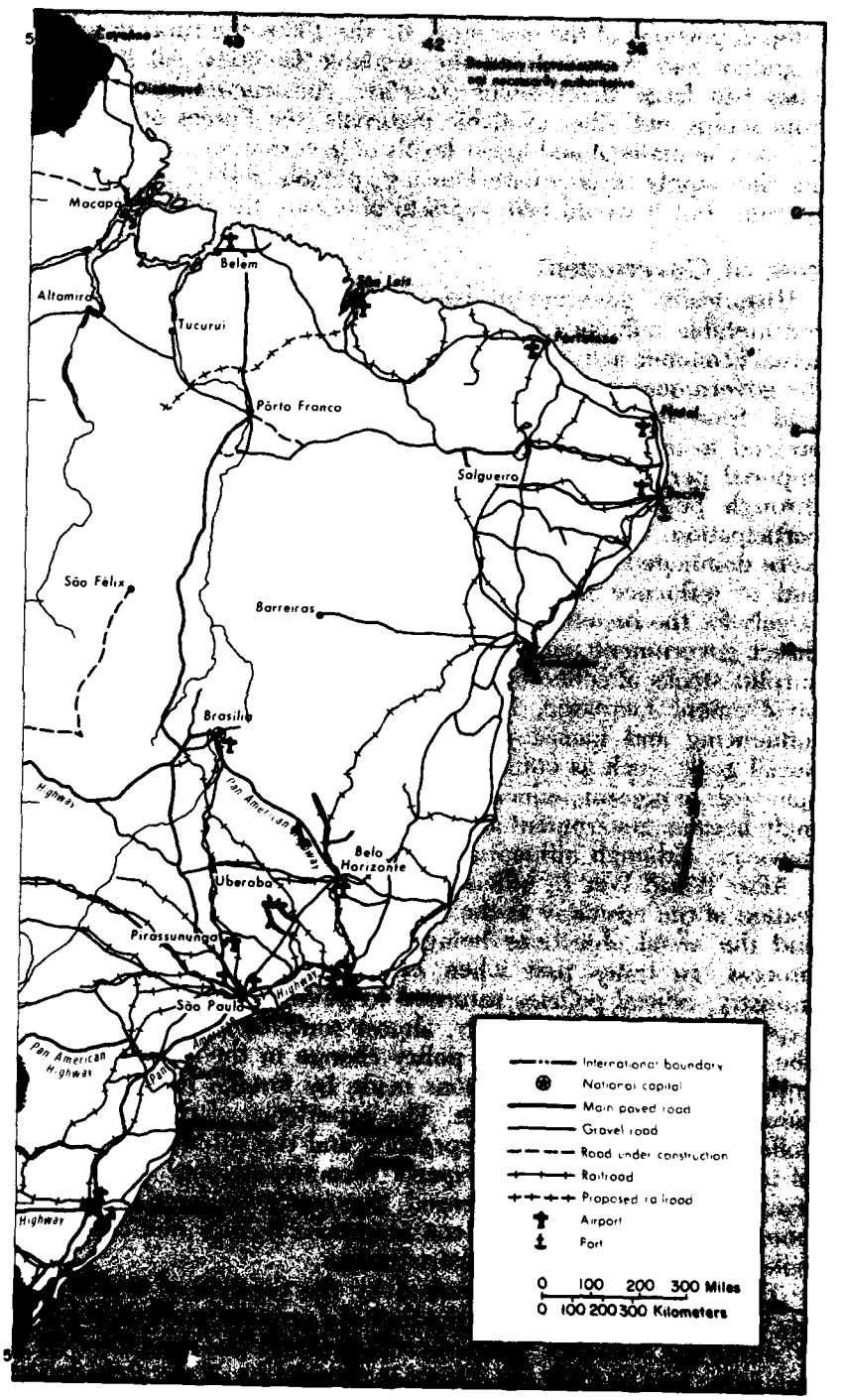


Figure 7. Roads, Railroads, Ports, and Airports, 1981


Macapá
Belem
São Luís
Altamira
Tucurui
Pôrto Franco
Salgueiro
São Félix
Barreiras
Brasília
Belo Horizonte
Uberaba
Pirassununga
São Paulo
Pan American Highway
Highway
Pan American Highway
Highway
International boundary
National capital
Main paved road
Gravel road
Road under construction
Railroad
Proposed railroad
Airport
Port
0 100 200 300 Miles
0 100 200 300 Kilometers

Housing and services such as water and sewage were underdeveloped portions of the economy. By the 1980s the rural to urban migration had overwhelmed the available facilities. All Brazilian cities had large shantytowns (*favelas*), constructed by migrants from scraps and other available materials (see Forces of Change, ch. 2). The national and lower levels of government were improving the supply of adequate housing, potable water, and sewage systems, but it would take years to eliminate the deficiencies.

Role of Government

Historically, government has exerted or attempted to exert considerable influence in Brazilian economic affairs while leaving actual economic activity to private initiative. In the colonial period the government in Portugal primarily wanted revenue, especially gold, from its Brazilian colony. Local manufacturing was suppressed to maintain a profitable market for imports. During the imperial period (1808-89) economic development was promoted through policy measures requiring little direct government participation. Governments under the First Republic (1894-1930) were dominated by large landowners. Government policy continued to influence the direction and pace of economic activity, largely for the benefit of the agricultural crops of the landed elite; direct government participation was mostly limited to managing surplus stocks of coffee beans. After the 1920s direct government involvement increased, but its role remained primarily one of influencing and managing the activities of the private sector. Social goals, such as equity of income distribution and minimum standards of housing, education, nutrition, and health care, increasingly became government goals. Public ownership remained small, however, although influential in key activities.

After World War II, officials opted to continue rapid industrialization of the economy as the means to achieve high growth rates and the social objectives being expressed through the political process. In times past when external events stimulated local industry, official policies returned to guiding the economy as an exporter of primary products, almost completely agricultural, as the stimulus subsided. The policy change in the late 1940s was supported by recommendations made by foreign economic missions in the 1930s and 1940s. The experience of the collapse of coffee prices in the 1930s depression and the subsequent growth of industry reinforced the experts' recommendations. Moreover, many in the population sensed the country's large economic potential. National security considerations further motivated the policy switch to greater industrialization.

The policy change was marked by the creation of a planning agency in the late 1940s and the first of a series of multi-year plans to guide the economy. Planning subsequently was conducted by a ministry, and in 1974 the Planning Secretariat of the Presidency

was created. The first plan became effective in 1950 and was largely a public works list that focused on easing bottlenecks in transportation and energy, particularly electric power. A shortage of funds restrained full implementation.

Over the years the planning staff gained experience and competence, and the multi-year plans became more sophisticated and comprehensive. The plans provided a guide for development and helped avert bottlenecks. At times, however, the plans were thrown off by external events and domestic developments over which the planners had no control. The bulk of economic activity in Brazil is conducted by individuals. State governments have organizations influencing economic development in their areas, including some state plans and state-owned businesses. At the federal level a bewildering, ovelapping array of economic organizations and funds was created, over which the federal government often exerted little control or even had timely knowledge of their activities until the 1980s. Planning and coordination in such a milieu was difficult at best.

In the late 1970s some 500 federal decentralized agencies existed in addition to the economic ministries and interministerial bodies. The proliferation of economic organizations was a pragmatic response to specific conditions rather than an evolution under an organizational plan. The responsibilities and importance of individual agencies varied tremendously as did their autonomy. In perhaps an oversimplification, a group of autonomous or semiautonomous organizations called *autarquia* (often containing the words *institute* or *superintendency* in the English translation of their name) were similar to some regulatory agencies of the United States government. One of the most important of these autonomous entities was the Central Bank of Brazil, formed in 1964. One of the earliest was the Brazilian Coffee Institute, created shortly after the turn of the century. The Superintendency for Development of the Northeast (Superintendência do Desenvolvimento do Nordeste—SUDENE), established in 1959, and the Superintendency for the Development of the Amazon (Superintendência do Desenvolvimento da Amazonia—SUDAM), formed in 1966, were responsible for development of their respective areas.

For some activities, wholly government-owned corporations were established. The National Steel Company (Companhia Siderurgica Nacional) was formed in the 1940s to own and operate the Volta Redonda steel mill. One of the most important was the National Economic Development Bank (Banco Nacional do Desenvolvimento Econômico—BNDE) formed in 1952 to finance public and private industrialization. In June 1982 the name was changed to National Economic and Social Development Bank (Banco Nacional do Desenvolvimento Econômico e Social—BNDES). Other corporations were established as mixed companies formed

under the general corporation law but authorized by specific legislation. The federal government held at least a majority of shares, but other investors could participate. The Brazilian Petroleum Corporation (Petróleo Brasileiro—Petrobrás), formed in 1953, was a mixed company and Brazil's largest corporation. There were many companies, owned wholly or partly by the federal government, that were important in the economy; for no apparent reason some had private investors. States also formed companies, particularly banks, to aid and influence development in their areas.

In general, government ownership in companies, as a whole or in part, was intended to stimulate development. In the case of electric power, private companies were limited in financial and physical resources to expand to meet rapidly increasing demand. A mixed government company was formed gradually to take over local companies, develop hydroelectric sites, and interconnect, by a grid, generating and distribution facilities (see Energy, this ch.). In some instances, steel and petrochemicals, for example, the initial stages were too costly or risky for private investors. The government financed and built plants to process the raw materials, leaving upstream and downstream operations to private investors, domestic and foreign, who often had federal or state help in financing mines or fabrication plants. Governments at various levels also took over and frequently subsidized portions of the transportation system to provide essential services at low cost.

Policies

In addition to investing taxpayers' money directly, the federal government had more powerful, although indirect, tools for influencing economic development. Exchange-rate policy, tariffs and other import restrictions, subsidized credit, and tax exemptions all affected private investment decisions and the profits from such investments. Government authorities have used all of the policy measures available to stimulate and manage economic development.

A liberalization of import restrictions after World War II had to be reversed by the late 1940s as foreign exchange reserves quickly dropped. Subsequent controls greatly restricted imports. Multiple exchange rates were instituted, which favored some industries and sectors and discouraged others. Various incentive measures encouraged private investment, including large inflows of foreign capital, in the late 1950s. Government investment was added, particularly in energy and transportation. When the economy overheated from the expansionary policies, wage and price controls attempted to control inflation.

By the mid-1950s problems began to appear, reaching crisis proportions by the early 1960s, even though high rates of growth had been attained. The policy measures adopted favored industry over agriculture, capital-intensive investment over job creation, and import substitution over exports. Rural-to-urban migration

increased, although unemployment was growing in the cities. Rising coffee prices through most of the 1940s and until the mid-1950s provided much of the foreign exchange needed to pay for essential imports and growing debt payments. By the late 1950s overproduction of coffee depressed world prices and reduced foreign exchange earnings. Increasing budget deficits contributed to inflation, which prices and wage controls did not suppress.

By the early 1960s profound imbalances nearly halted economic growth while civil disorder spread. In 1961 and again in 1964 the country was unable to meet its foreign debt obligations. By 1964 inflation at times was running above 100 percent a year, and many dislocations and shortages existed throughout the economy.

The military government that seized power in 1964 faced a monumental task. Between 1964 and 1968 economic growth was subordinated to controlling inflation, instituting a stabilization plan for the economy, and imposing public order. The external debt was rescheduled. Tax reform was instituted, and government deficits were reduced. Labor unions were suppressed and wages squeezed. An inflation adjustment was added to wages, rents, taxes, bonds, and other monetary units, called indexing. A single exchange rate was established, and it was adjusted frequently by mini-devaluations to compensate for differences in inflation rates between Brazil and, largely, the United States. Import restrictions were relaxed, and incentives were provided for exports, particularly manufactured products. In brief, it was an opening of the economy compared with the import substitution policies of the 1950s.

The stabilization policies were effective, judging by the rapid economic growth that occurred between 1968 and 1973. Brazil became one of the fastest growing economies in the world; GDP increased an average of more than 11 percent a year, more than 8 percent a year on a per capita basis. Industrial growth averaged 13 percent a year with manufactured exports increasing by 38 percent a year. Over the period the increase of the foreign debt was modest, and inflation had dropped to 15 percent in 1974. Unused industrial capacity diminished quickly in the rapid growth of the early 1970s. Large, costly projects were planned and started in mining, electric power, metallurgy, and machinery to meet projected demand.

The rapid jump in the world price of crude oil in 1973 and 1974 hit the Brazilian economy at perhaps its weakest point. Growth strategy had depended considerably on the internal combustion engine and particularly the manufacture of cars and trucks, including parts. In the mid-1970s imported crude oil accounted for the bulk of the supply of petroleum products and a large share of the commercial primary energy.

The pinch was immediately felt in the balance of payments. Beginning in 1974 tariffs were increased, some by 100 percent.

Other restrictions further limited the growth of imports, which declined relative to GDP from over 10 percent in 1973 to under 8 percent by 1978. Export incentives were largely retained. The balance of payments difficulties of the mid-1970s coincided with growing concern about the recession in major developed countries (which were resorting to greater protectionism) and popular Brazilian nationalistic feelings about the country's dependence on imports and multinational companies.

The result was renewed interest in import substitution as the strategy for continued economic development. Energy policy pressed conservation and development of domestic sources. Coal mining was to be expanded, and hydroelectric sites were to be developed. A major program to substitute alcohol distilled from domestic crops for imported oil was begun in 1975 without a real understanding of its potential costs. Substantial protection and subsidized official credit was provided, along with other incentives, to stimulate the possibilities of import substitution, which was largely confined to capital- and intermediate-goods industries. Large public investments in mining, steel, petrochemicals, and other basic industries were started.

Official and popular concern has long existed over the large and obvious disparities in incomes and living standards between regions and between groups. In 1976, for example, the Southeast accounted for 65 percent of the nation's industrial establishments, 70 percent of industrial employment, and 77 percent of the value added by industry. The state of São Paulo alone, which had only 19 percent of Brazil's population in 1970, employed 48 percent of the industrial labor force, contributed 58 percent of industrial value added, and supplied nearly half of major export crops, such as coffee, sugar, cotton, rice, and corn. Per capita income in São Paulo was more than double the national average in 1970. In comparison the Northeast, North, and Center-West were undeveloped and poor; most of the population of these regions had an income a small fraction of the national average (see Rural Society, ch. 2).

To combat the obvious unequal regional development and living conditions, the government maintained several programs intended to benefit poorer regions. Two of the earliest were the agencies to plan and guide development in the Northeast (SUDENE) and the Amazon (SUDAM). Liberal fiscal incentives were added for investment to foster growth. The federal government, for example, built a large petrochemical complex in the Northeast to encourage additional manufacturers to locate there. Such measures were a start, but regional disparities are not likely to disappear for generations.

A variety of subsidies intended to help poorer elements of the population created a fiscal drain. Many forms of transportation were subsidized. Bottled gas was sold at low prices because of its widespread use as cooking fuel by low-income city dwellers.

Wheat was subsidized at the farm level to encourage production and at the retail level to provide low-cost food in cities. In the 1970s subsidized credit to farmers was introduced to compensate for the higher price farmers had to pay for domestic inputs under the import substitution strategy; the use of this credit increased rapidly and became extremely costly, although it reached only a small proportion of farmers (see Agriculture, this ch.). Observers questioned the cost effectiveness of the various subsidy programs and whether they even reached the very poor in the society.

The government's response to the 1974 oil crisis was to try to maintain reasonably high growth rates while making substantial adjustments in the economy. The result was lower, although still substantial, growth rates between 1974 and 1978 compared with 1968 to 1973, but they were accompanied by increasing inflation and a rapidly expanding foreign debt. In 1978 the rate of inflation was 39 percent and rising. By the end of 1978 the medium- and long-term external debt amounted to US$46 billion, up from US$12.6 billion at the end of 1973.

At the beginning of 1979 a series of policy changes was announced. Export incentives were to be reduced in stages while import restrictions would be liberalized. The domestic currency, the cruzeiro (for value of the cruzeiro—see Glossary), was to be devalued more rapidly to compensate for inflation and the effect of changes in trade policy. Adverse weather that hurt exports derived from agriculture, worsening inflation, and a near doubling of oil prices seriously eroded the basis of the policy changes announced at the beginning of the year. Labor disputes increased. By late 1979 the balance of payments had deteriorated seriously.

In 1979 and 1980 important reforms were taken to provide federal authorities more control over investments and borrowings of public enterprises, more flexibility in the use of budget revenues, and more ability to reduce subsidies to producers and consumers (see Fiscal Management, this ch.). In addition, reforms were made to control monetary expansion and the cost of credit (see Banking and Monetary Policy, this ch.). Meanwhile, the cruzeiro was devalued by about 30 percent in December 1979, and other changes were introduced in late 1979 and early 1980 to improve the balance of payments situation and curb inflation. Some of the rapid and numerous changes canceled the effects of earlier measures. In 1980 aggregate demand continued to grow, however. The pressure on prices raised the inflation rate to 110 percent in 1980. The pressure on the balance of payments increased, requiring additional use of foreign exchange reserves.

In 1981 officials used the improved institutional controls to contract aggregate demand. Government expenditures, including investments, were trimmed, credit was reduced, and interest costs on nonsubsidized credit were allowed to rise, reaching 150 percent for a period during the year. Monetary correction (indexing)

and exchange rate devaluations fully reflected inflation after being allowed to lag in 1980. Some tax incentives for exports were restored. The contraction of demand brought on Brazil's sharpest recession since national accounts were started in 1947. GDP fell by 3.5 percent and industrial production, the sector most affected, dropped 9.6 percent. Unemployment grew rapidly in the major cities. The inflation rate reached an annual rate of 121 percent in March but declined the rest of the year, averaging 95 percent for the year. Exports rose 32 percent, as manufacturers sought sales abroad to replace the shrinking domestic market, producing some improvement in the balance of payments.

External Debt

After 1973 Brazil increasingly turned to foreign borrowing. Part of the debt financed large investment projects in both the private and the public sectors. In spite of official policy to slow development, after 1976 public enterprises obtained many of the credits. Borrowing abroad also postponed the necessity of some difficult economic adjustments. Brazil's international credit standing was high, however, and officials obtained favorable long-term repayment schedules.

At the end of 1981 Brazil's medium- and long-term external debt amounted to about US$61 billion, 69 percent of which was guaranteed by government organizations. Gross foreign borrowing during the year was about US$19 billion. Interest payments amounted to US$9.2 billion, an increase partly caused by high international interest rates. Small adjustments in world rates induced significant changes in Brazil's interest payments. In 1981 oil imports and interest payments accounted for nearly all of exchange earnings from commodity exports.

In 1982 international bankers became cautious about lending to developing countries, particularly those with a large outstanding debt. Both Mexico and Argentina were on the verge of defaulting on international obligations during the year. Brazil was second only to Mexico in the largest external debts among Third World countries. Brazil's gross foreign borrowing requirements in 1982 were probably close to US$20 billion. A substantial portion had been arranged, but after mid-year, financial officials were frequently abroad, reportedly attempting to obtain the final amounts needed to balance international payments.

During 1982 the government ceased releasing some financial statistics. Journalists pieced together apparent developments during the year from banking sources in Brazil and abroad. Reportedly, Brazilian officials had to increase the short-term debt and reduce foreign exchange reserves from US$7.5 billion to uder US$3 billion in order to meet debt and other international payments during the year. Brazil negotiated a loan from the International Monetary Fund (IMF) and the United States government, steps the authorities had previously avoided because of the conditions

that would be attached.

In late 1982 international bankers were reporting that Brazilian authorities had agreed to severe austerity measures with unpleasant political effects in order to obtain the needed financial help. Some of the austerity measures probably would include a sharp reduction of government subsidies and a stop to the adjustment of wages for very low-income workers—a large proportion of the urban work force—above the rate of inflation. Imports would have to be cut back further. The balance of payments constraint was expected to persist for several years because of the hump in debt service into the mid-1980s. Experts predicted relatively low growth by Brazilian standards. The reaction of the population to austerity measures was expected to be negative.

Fiscal Management

The public sector plays an important role in the Brazilian economy. In 1979, for example, about one-quarter of GDP was collected through taxes by pubic sector organizations. Allocation of these funds was difficult to trace, however, in Brazil's unusual fiscal and financial structure.

The public sector consists of the federal government, some 500 federal autonomous entities, over 200 special funds, governments of the 23 states and three territories, and about 4,000 municipalities (municípios—see Glossary). Until the 1980s attempts to gather and consolidate data from this multitude of organizations had proved less than successful. Even control or timely knowledge of the autonomous and decentralized federal agencies' activities had proved elusive. The federal budget was the only entity for which reasonably complete, consistent, and current data were available, but it accounted for only about 10 percent of public sector expenditures after budgetary transfers. The bulk of public sector investments was made by several hundred public enterprises, most of which reported little about their activities.

A further complication to fiscal management arose from the preparation of a monetary budget as well as the government's regular budget. The monetary authorities prepared the monetary budget, which included many special funds and programs administered by federal agencies (see Banking and Monetary Policy, this ch.). Until the 1980s, for example, major subsidy programs and interest on the government's debts were included in the monetary budget and excluded from the federal budget. Through most of the 1970s the federal budget showed a modest surplus. Officials appeared to have discretionary authority where items were entered and chose those that presented the fiscal view desired. Another anomaly occurred during the 1970s when the federal government sold bonds, although the federal budget was in surplus. The proceeds from the sale of securities passed through the monetary budget to meet obligations on federal programs.

While the federal budget showed modest surpluses through most of the 1970s, state budgets incurred increasing deficits, partly because of declining revenues resulting from federally decreed fiscal incentives, particularly for industrial investments and exports. The amount of revenues lost by these incentives was unknown. Public sector enterprises were also increasingly in debt. Although federal authorities began restraining expenditures and investments from the mid-1970s, public enterprises responded slowly. By 1976 many contractors and suppliers had to wait months for payment. In the early 1980s similar complaints continued on federal projects. Public enterprises also resorted to substantial borrowing, often abroad. Limited data indicated that the public sector deficit amounted to around 10 to 12 percent of GDP in 1979, the bulk of which arose from the subsidized credit programs.

Another difficulty in the fiscal system was extensive use of taxes specifically earmarked for particular purposes. The use of earmarked taxes increased during the 1970s, peaking at a little below half of federal tax revenues in 1978. This practice considerably reduced flexibility in the use of fiscal resources and largely negated attempts to establish planning priorities. The earmarking of tax revenues consisted of both tax sharing with state and municipal entities and collecting funds for a specific use. Taxes on petroleum products, public utilities, and electric power, for example, were almost completely designated for use by federal, state, and municipal authorities in the activities from which they came regardless of need or more pressing priorities.

In the late 1970s and early 1980s important reforms were instituted to increase federal knowledge and control over decentralized agencies and improve management of the economy. In 1979 an organization to control state enterprises was established within the presidency as part of the Planning Secretariat. It possessed wide authority to set ceilings on expenditures, borrowing, imports, and personnel levels. Timely reporting was also required of federal agencies. In 1979 a presidential decree required a phaseout of earmarked taxes, which started in 1981. Excluded were those taxes for revenue sharing with lower levels of government and those designated to help the Northeast and Amazon regions. The earmarked taxes not exempt would go to the National Development Fund until 1983, when the fund would cease to exist. From 1984 on, the federal treasury would receive the funds for discretionary and priority uses. This measure was expected to reduce earmarked revenues to only about one-quarter of treasury receipts. In 1980 several subsidy programs, the most important of which was the wheat subsidy, and debt service were transferred from the monetary budget to the federal budget. Additional measures intended to improve fiscal policies and management were taken.

In 1979 indirect taxes on goods and services produced the most federal revenue (see table 5, Appendix). The industrial products tax, a value-added tax, was the major indirect tax. The share of indirect taxes tended to decline in the 1970s largely because of the incentives provided exports. In contrast, income taxes on businesses and individuals became more important after the tax reforms of the 1960s and improved administration. In the mid-1970s public enterprises became increasingly subject to income taxes, which boosted revenues. Taxes on foreign trade provided less than 10 percent of federal revenues in the late 1970s. A variety of other taxes, some newly added or with increased rates, added to total federal revenues, which declined slightly relative to GDP after the mid-1970s.

Federal expenditures declined relative to GDP after the first oil crisis. The major federal current expenditures were personnel costs. The government limited these costs by placing temporary freezes on hiring and restraining wage and salary increases. The major portion of revenues passing through the federal budget was transferred to other agencies and programs outside of the immediate control of federal fiscal authorities. Earmarked taxes were the main funds transferred. Budget transfers increased in the 1970s as a share of GDP because of the expansion of earmarked taxes. Capital investments were the main expenditures in which federal authorities could make major cuts in the last half of the 1970s. Federal capital expenditures declined from 2.4 percent of GDP in 1976 to 0.8 percent in 1979.

The structure of the government and the budgetary process before the 1980s severely limited the ability of federal authorities to manage cyclical adjustments or economic development. The reforms introduced by 1982 facilitated centralized control even though additional changes may prove necessary. The planning Secretariat finally had the necessary authority and data flow to weigh past and present commitments of resources against future availabilities and the needs of the economy. Federal economic policy makers should be in a better position in future years to evaluate the trade-offs in different courses of action and to establish rational priorities.

Labor Force

In 1978 the labor force numbered almost 45 million (see table 6, Appendix). Since 1950 it had grown by an average of 3.6 percent a year, slightly higher than population growth because of the youth of the population and greater participation by women. In 1978 women made up 32 percent of the economically active population, compared with 15 percent in 1950. Agricultural workers continued to increase absolutely but at a

slow pace, averaging 1.4 percent a year. In 1978 agriculture employed 34 percent of the labor force compared with 60 percent in 1950.

Industry and service employment about equally absorbed the rapid growth of the economically active and the marked shift from farm to nonfarm employment. The industrial labor force increased an average of 5.2 percent between 1950 and 1978, reaching 17 percent of the economically active population in the latter year. About half of industrial employment was in small plants and shops, which contributed substantially to the absorption of new workers. In 1978 employment in all service industries totaled 19 million, about 42 percent of the labor force. Growth of service employment averaged 5.3 percent a year between 1950 and 1978. Part of service employment, however, consisted of street vendors and peddlers, eking out a bare existence but hoping for real jobs.

Most observers characterized the workers as industrious, productive, and accustomed to long hours. The work force contained highly trained and skilled people, but many had little education and few skills. Training programs were sometimes necessary.

Extensive labor legislation set most conditions of work and established the rights of labor and management. Fringe benefits and other employer costs usually were in the neighborhood of 50 to 70 percent of payroll. Labor unions similar to those in the United States did not exist. There were labor organizations but almost no collective bargaining. The federal government strongly influenced wage rates in addition to working conditions. The constitution guaranteed the right to strike, but federal laws imposed narrow conditions under which a legal strike could be called. After the military takeover in 1964, labor relations tended to be tranquil, but by the late 1970s and early 1980s labor unrest and wildcat strikes mounted as economic growth slowed and inflation rose. An increased voice for labor and more autonomy for unions were issues that the government continued to suppress (see Liberal Groups, ch. 4).

After the military takeover, labor organizations were largely disbanded and wage costs controlled. Some of the mechanisms used included a minimum wage set by federal authorities and a formula used to adjust monetary values for inflation. Some economists have argued that an important part of the economic miracle of 1968-74 resulted from the squeeze on real wages. In the mid-1970s wages were allowed to increase, and adjustments nearly compensated for inflation. Later in the 1970s as economic conditions began to deteriorate, the rise of wages was restrained. Changes in the formula to compensate for inflation caused a lag in the adjustment process. The 1981 recession raised unemployment to around 8 to 10 percent in some major urban centers where such statistics were recorded. The prospects for austerity and slow

economic growth in the immediate years ahead posed questions about the reactions of labor, the unemployed, and the larger numbers of underemployed.

Industry

Contemporary studies point to the last decade of the nineteenth century as the beginning of Brazil's industrialization, but such dating is somewhat arbitrary. In the 1880s, for example, over 300 industrial firms were established. By 1890 there were more than 50,000 industrial employees, and the first hydroelectric power plant was in operation. In the earliest industrial census—1907—there were over 3,000 industrial establishments with a total of over 150,000 workers. The 1920 census recorded 13,000 plants and shops employing about 275,000 workers. By 1920 manufacturing was well established, providing 64 percent of the supply of manufactured goods; imports provided the remaining 36 percent. Manufacturing was concentrated in textiles and food processing, and imports of such products were below 10 percent of the total supply.

During the 1920s industrialization slowed. Between 1919 and 1932 manufacturing output increased about 1.5 percent a year. Government attention and funds were concentrated on the support of coffee prices. Nonetheless, the metallurgical and chemical industries made substantial gains. An integrated steel plant, for example, began operation in 1925 to supplement the existing charcoal-fired blast furnaces. In the mid-1920s the cement industry was established. By the late 1930s Brazil supplied virtually all of its requirements for pig iron and cement.

Government policies during the Great Depression curtailed imports, stimulating rapid industrial expansion. Between 1932 and 1940 manufacturing output increased an average of 11.8 percent a year, but expansion slowed to 5.4 percent a year during World War II because of limited access to equipment and raw materials. By 1950 the country had 83,000 industrial establishments employing a total of nearly 1.3 million workers. Textiles and food processing had declined to about 50 percent of the value of industrial production, reflecting the expansion of the industrial base. The government established some important firms in manufacturing—justified on the grounds of strategic or national significance—such as the Volta Redónda steelworks, as part of the long-term development of an integrated steel industry. A number of multinational businesses established large manufacturing and assembly plants in response to government efforts to adopt advanced technology and broaden industrial capabilities.

Industrial output has increased an average of about 9 percent a year since shortly after World War II. Industrialization was the cause for much of the impressive economic growth during this period. In the 1980s the growth of industry will largely determine

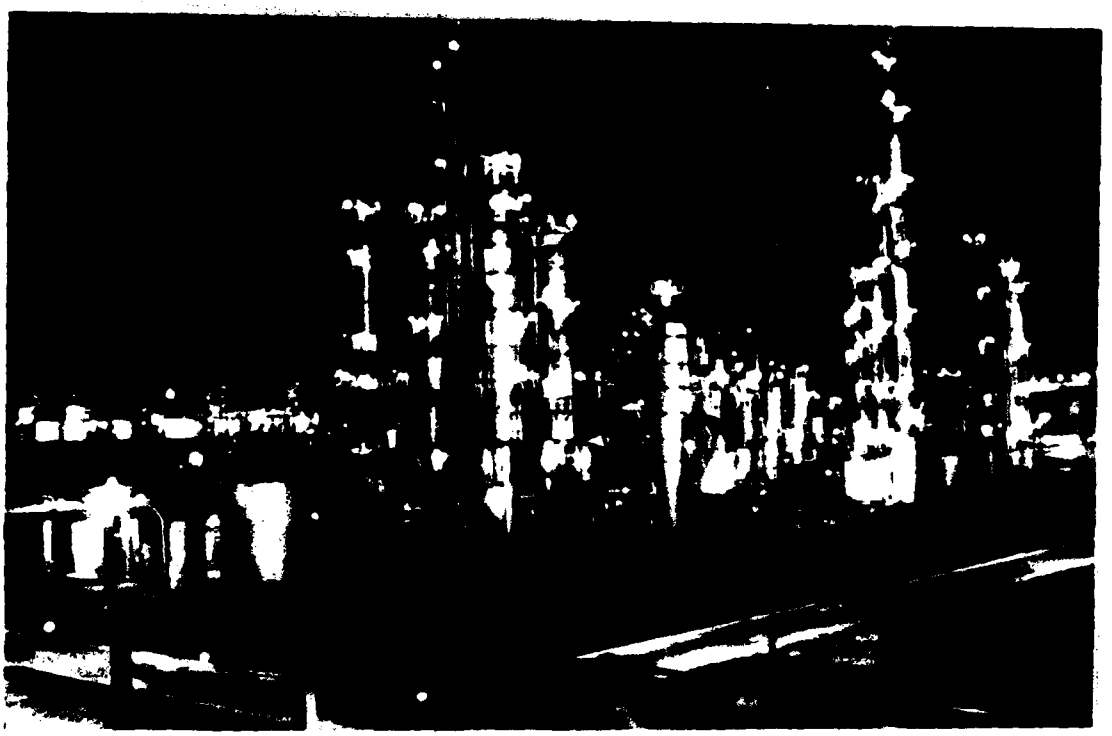
conditions in the rest of the economy and the degree of prosperity for much of the population.

Energy

Industrialization required a huge growth in energy consumption and a drastic change in sources. At the end of World War II the bulk of Brazil's energy was supplied by firewood, charcoal, and bagasse—the woody residue of sugarcane processing. Industrialization, with particular emphasis on the automobile and other internal combustion engines as well as a huge roadbuilding program, was adopted in an era of cheap energy. In little more than a generation, compared with centuries in Europe, Brazil leaped from a wood-burning to an oil- and electricity-based economy. The rapid rise of energy costs in the 1970s caught Brazil in a vulnerable position because of a deficiency in fossil fuels. In 1979 oil products supplied about 41 percent of the country's primary energy; hydroelectricity, 28 percent; and coal, wood, bagasse, and alcohol, 31 percent. Government energy policy after the first oil crisis in 1974 focused on conservation and maximum efficiency in the use of energy; search for and exploitation of domestic energy sources; and substitution of domestic energy, particularly renewable sources, for imported supplies.

Oil was first discovered in Brazil in 1939. Proven oil reserves were small, amounting to about 1.7 billion barrels in 1982, plus about 400 million barrels equivalent of natural gas. The crude oil deposits were mainly located in the Northeast and Southeast. In 1981 domestic oil consumption was about 1 million barrels per day (bpd). Domestic production averaged close to 250,000 bpd, leaving the country dependent on imported crude for above 75 percent of total supply. The domestic production goal for 1983 was 300,000 bpd. In 1981 imported fuels (the bulk of which was crude oil) cost US$11 billion, 50 percent of total imports. Exports of small amounts of surplus refined products amounted to about US$900,000.

A near monopoly in hydrocarbons (exploration, production, importing, refining, and transportation of petroleum and natural gas) was granted the national oil company, Petrobrás, created in 1953 in response to a wave of nationalism. The largest Brazilian corporation, it was primarily a government-owned (federal and other levels) holding company operating through numerous subsidiaries. Petrobrás, or its subsidiaries, conducted exploration and oil field development at home and abroad; produced, imported, and refined crude oil; owned petrochemical plants that produced a variety of products, such as chemical fertilizer; and carried out transportation and distribution of crude oil and products. In 1977 Petrobrás began negotiating exploration contracts with foreign oil companies to obtain technology and financing to speed up the search for oil, particularly offshore. These contracts again allowed



Petrochemical plant, Camacari
Courtesy WORLD BANK PHOTO/James Pickerell

foreign oil companies to operate in Brazil's territory, although under controlled conditions and in limited areas. Modest new fields were discovered, which permitted a gradual growth in crude oil production in the early 1980s.

After the formation of a national energy policy, officials managed small reductions in petroleum consumption. Oil price increases were passed on, diminishing the use of vehicle fuel. Conversion of some industries to the use of coal or other oil substitutes contributed to lower consumption. The combination of conservation, substitution, and greater domestic production reduced the country's dependence on imported oil from around 80 percent in the late 1970s to 75 percent in 1981, but it was recognized that the possibilities in such programs were limited.

Much more hope and effort went into a unique plan formulated in 1975 to substitute domestic alcohol for imported fuel in vehicle use. The national alcohol program (called Proalcool) was a bold attempt to use available skills, equipment, and other resources to produce a substitute fuel from renewable sources; it was the world's first large-scale substitution effort and was watched by many other countries. The initial program concentrated on alcohol as a substitute for gasoline, but in the 1980s research and experiments were under way to produce a substitute for diesel-engine fuel from various vegetable oils. Brazil had experience dating back to the 1930s in using alcohol as a mix with gasoline for automobile fuel.

Briefly, Proalcool planned the production of 10.7 billion liters of alcohol by 1985 to substitute for the equivalent of about 148,000 barrels of petroleum per day. Planned alcohol production would supply about 45 percent of projected automobile-fuel consumption in 1985, compared with about 20 percent achieved in 1980. According to the plan, the alcohol would supply about 5 percent of the nation's energy requirements in 1985. The program's estimated cost between 1981 and 1985 would exceed US$7 billion in 1980 dollars. In 1980 an earlier goal was met in which 3 billion liters of alcohol would substitute for about 20 percent of the gasoline used as automobile fuel.

Brazil has long produced alcohol for chemical use and has the capability to produce the required distillation equipment as well. After the first oil crisis, alcohol production rose more than sevenfold—from 0.6 billion liters in 1973, to 3.4 billion liters in 1980, and to 4.3 billion liters in 1981. The increase went into automobile fuel, which rose from about 14 billion liters in 1973 to over 16 billion liters in 1980. Projected consumption of automobile fuel (gasoline and alcohol) in 1985 is over 20 billion liters, of which an estimated 11 billion liters will be gasoline, 6.5 billion liters will be hydrous alcohol, and nearly 3 billion liters will by anhydrous alcohol. Hydrous alcohol is used in cars built or converted to burn an all-alcohol fuel; anhydrous alcohol is blended (up to 20 percent) with gasoline.

In the 1970s the government required that a portion of the cars produced be capable of burning an all-alcohol fuel. Licensed garages were approved to convert existing cars to use hydrous alcohol. Distribution facilities for alcohol fuel were developed. For several years all-alcohol fuel was substantially cheaper than gasoline, but in the early 1980s it was raised to about 60 percent of the price of gasoline. Sales of cars to burn hydrous alcohol increased sharply in the late 1970s, reaching 77 percent of all car sales in December 1980. Sales of alcohol-fueled cars dropped precipitously in 1981 but picked up in 1982. An exact number was unavailable, but in 1982 about one-half million cars were alcohol fueled.

Hydrous alcohol has about 40 percent fewer calories than gasoline, but motors using it burn only about 20 percent more fuel because it is more efficient. It is corrosive, however, requiring special treatment of the components of the fuel system. By 1982 research reportedly had developed processes that remedied most of the problems. Experts expected that sales of alcohol-fueled automobiles would remain around 200,000 a year in 1982-84, about one-third of annual new car sales.

In 1982 a slowdown in the alcohol program appeared likely. Not all officials were convinced of its practicality. When funds became tight, help for industrial and agricultural projects related to the program was slowed. Expansion of the sugarcane acreage was less

Construction site, Aguas Claras mine near Belo Horizonte, Minas Gerais
Courtesy WORLD BANK PHOTO/ Tomas Sennett

than that needed to meet the 1985 goal. By 1982 contracts for alcohol production facilities had been approved for a total capacity of only 8.9 billion liters. As a result, experts believed that alcohol production in 1985 would probably amount to about 7 to 9 billion liters instead of the planned 10.7 billion liters.

Proalcool experienced considerable criticism, partly because sugarcane provided over 90 percent of the raw material for the production of alcohol up to 1982. Numerous other crops and woody plants could yield alcohol, although the technology for some was not ready for commercial application. Considerable research was being devoted to improve processing of biomass feedstocks for alcohol yields. The more immediate and threatening problem was that Proalcool was attracting fertile farmland away from food production. Manioc, a tuber believed to come originally from the Amazon region, supplied a minor part of the alcohol feedstock. Greater use of manioc would have been more satisfactory in social terms. It grows in poor soils, would provide small farmers a cash crop, would allow distilleries to work a full year instead of only a half year, and would not add to the regional disparity of incomes that sugarcane did; but valid economic and practical reasons made sugarcane the original predominant feedstock (see Agriculture, this ch.). Critics also argued that sugar would be

exported when world prices were high, diminishing the material for and supply of alcohol for fuel.

According to critics, the alcohol program was introduced quickly in response to a serious threat to the economy and the country's development strategy and with inadequate preparation and research. It proved costly in terms of incentives and subsidies for the retail price of alcohol fuel, but by 1983 substantial substitution had been achieved for imported petroleum. Adjustments and refinements in the program seemed likely in the 1980s, based on the experience gained. Scrapping the program seemed less likely, however, if national security considerations were as important in adopting the program as many observers believed.

The country's numerous rivers provided the greatest potential energy source. By 1980 hydroelectric sites had been located that were capable of powering generators of about 213 million kilowatts of capacity and that could produce about 933 billion kilowatt-hours per year. By 1980 about 24.1 million kilowatts of hydro-generating capacity had been installed. Another 23 million kilowatts of capacity was scheduled to be installed by 1990. In 1980 some 86 percent of installed electric-generating capacity and 92 percent of the total electricity produced (137 billion kilowatt-hours) were from hydroelectric generators. Brazil had slight opportunity to conserve on the use of petroleum products in the production of electricity since hydro stations were the overwhelming source.

The world's largest hydroelectric project, the Itaipu Dam, was scheduled to begin operation in late 1983. The dam, a joint project between Brazil and Paraguay, blocked the Rio Paraná where it becomes the border between the two countries (see fig. 3). The dam, nearly 10 kilometers long and 200 meters high, was completed in 1982 after seven years of construction. It will begin operation in late 1983 with two 700-megawatt generators. Additional generators will be installed later in the 1980s with an eventual capacity of 12,600 megawatts. Total cost was expected to be above US$18 billion (in early 1980 dollars). Brazil provided much of the equipment for the project. Brazil and Paraguay will share the electricity produced, but it was expected that Brazil would purchase a considerable part of Paraguay's share. Half of the power generated will be at 60 cycles per second for Brazil's system and half at 50 cycles for Paraguay's system.

A second large hydroelectric project, the Tucuruí Dam on the Rio Tocantins in the Amazon Basin some 500 kilometers southwest of Belém, was scheduled for operation in 1984. The first stage called for 4 million kilowatts of generating capacity to be installed between 1983 and 1985 with a possible doubling of capacity by the 1990s. Total cost for the first phase was estimated in the early 1980s at nearly US$3 billion. The dam is located in an isolated part of the country, far from urban centers and in difficult terrain. Electricity from the dam will go to urban centers and mining

developments in the Greater Carajás project (see Mining, this ch.).

Construction schedules on both the Itaipu and Tucuruí dams reportedly were being met. It was particularly important for the latter because a few months' slippage could cause a year's delay resulting from the rainfall pattern. Several large-scale metallurgical projects in the Amazon area were scheduled and dependent on the availability of large amounts of electricity. The shortage of funds and the low level of economic activity in 1981 and 1982 resulted in a stretching out of the completion of ancillary facilities on both the Itaipu and the Tucuruí power plants; but officials attempted to minimize or avoid disruptions to other large development projects.

The Central Electric Company of Brazil (Centrais Elétricas Brasileira—Electrobrás), organizationally under the Ministry of Mines and Energy, has primary responsibility for coordination of planning in the power sector of regional expansion by subsidiaries and long-term orderly growth of the national electric power supply and distribution. Since the 1930s federal and state governments have increasingly taken over private power companies, including some that were foreign owned. Electrobrás was created in 1962 as the holding company and financial agency for the sector and to centralize management. It held the federal government's half-share of the Itaipu project, for example. Electrobrás has generally formulated sound policies and carried them through in one of the world's largest and more complex electric power systems. An integrated grid existed for the more populous areas, and the grid was being expanded. Although electricity was available in many rural areas of the more developed states, electrification was available to less than one-fifth of the rural population nationally. About 85 percent of urban areas had electricity. Electrobrás was a mixed company, but in the early 1980s over 99 percent of the firm's stock was owned by the federal government.

Looking to the future when fewer hydroelectric sites would remain—particularly located relatively close to population and industrial centers of the Southeast—Brazilian officials began to lay the base for nuclear power plants. The country has uranium deposits to provide a domestic fuel source, provided that processing facilities are constructed. In late 1982 Brazilian uranium reserves were officially estimated at 301,500 tons. In 1982 a yellow-cake plant and a plant to produce nuclear fuel elements were completed. Additional processing plants were under construction, or planned, which would provide uranium enrichment and would reprocess spent fuel. The technology and much of the equipment were being imported from the Federal Republic of Germany (West Germany) under a 1975 agreement calling for that country to supply up to eight nuclear power reactors and to assist in establishing a complete nuclear fuel cycle in Brazil. The agreement roused

opposition from the United States and some other countries because it would provide Brazil—which had not signed the Treaty on the Non-Proliferation of Nuclear Weapons—with the facilities and technology that could be used to fabricate atomic bombs (see Foreign Relations, ch. 4).

The first nuclear power plant, Angra I, located on the coast 120 kilometers southwest of Rio de Janeiro, began trial runs in 1982, but defective parts postponed operations until 1983. Angra I was started in 1972 and was supplied by Westinghouse Electric Corporation. It had a capacity of 625 megawatts and cost about US$1.5 billion. By 1982 work had started on one of the nuclear power sites to be supplied with West German reactors. Brazil had stretched out the construction schedule for nuclear power because of lower growth of demand for electricity and a tightness of investment funds. The 1,245-megawatt-capacity West German nuclear power plants would not be completed until the 1990s, assuming all eight were ordered. In 1982 only two such plants—Angra II and III—reportedly had been definitely contracted.

In 1982 coal reserves were an estimated 22.8 billion tons, primarily located in Santa Catarina and Rio Grande do Sul. The coal was low quality and contained considerable ash and sulfur. Costly facilities were required to process the coal before use, resulting in a loss of more than 50 percent of the coal mined. In 1979 production of usable coal amounted to 4.5 million tons, accounting for about 4 percent of the country's primary energy. The government encouraged substitution of coal for other fuels, particularly petroleum, in industrial uses, such as coal-fired boilers in the few thermal electric power plants and in the production of cement. Officials hoped that the mines would produce 12 million tons of usable coal by 1985. In 1973 Brazil formed a joint company with Colombia to mine high-quality coal for export to Brazil.

Although wood was no longer the important energy source it had been before 1950, it still accounted for 15 to 20 percent of the country's primary energy supply. It was used in isolated small industries and for cooking in rural and low-income urban houses. Charcoal accounted for about 2 percent of the energy supply. It was used in some blast furnaces and for household cooking. Bagasse provided about 5 percent of the energy supply, almost completely in the production of sugar and alcohol. The lack of a woody residue in processing cassava into alcohol, which could provide a fuel source for the processing, was one of the reasons sugarcane was the dominant feedstock.

Mining

Brazil has large deposits of numerous minerals, the full range and extent of which were still unknown in 1982. The country had not been completely surveyed because of the difficulty of access in

many areas. Mining of known deposits (excluding petroleum) contributed about 2 percent of GDP but accounted for about 10 percent of exports in the early 1980s. When ore extraction, metal processing, and metal fabrication were combined, mining and metallurgy contributed about one-sixth of GDP. Mineral production was valued at US$5.4 billion in 1980 and US$6.5 billion in 1981.

The country's iron ore deposits (about 60 billion tons) were the second largest in the world, and in 1980 Brazil was second only to Australia in exportation of iron ore and pellets. Production in 1981 was 110 million tons (valued at US$2.3 billion), and exports were 81 million tons (valued at US$1.8 billion). Almost all of present production was from mines in Minas Gerais. Extensive deposits in the Amazon Basin were scheduled to begin producing in 1985.

Brazil has the ingredients for a very large aluminum industry: abundant bauxite deposits, a huge hydroelectric potential for cheap electricity, and a large and expanding domestic market. Bauxite production increased from 1 million tons in 1976, to 2.9 million tons in 1979, and 5 million tons in 1981 as new mines were opened. Additional sizable deposits in the Amazon were being developed in the early 1980s that could more than double output by the end of the decade. In 1979 exports of bauxite were substantially smaller in value terms than exports of aluminum products.

Manganese deposits were large, and Brazil was one of the world's largest producers, providing an important domestic raw material and substantial foreign exchange earnings. Potentially the world's richest gold deposit had been discovered and was being worked by rudimentary means; the value of gold production was US$355 million in 1981. Tin, lead, nickel, chromite, beryllium, and copper, as well as many lesser known metallic minerals and a wide variety of nonmetallic minerals, were produced in significant quantities (see table 7, Appendix).

In the 1980s the focus of mining activities was shifting to the Greater Carajás project in the eastern Amazon region. The project was massive, costly, and risky but offered substantial rewards to investors and the country under favorable conditions. The project area covered some 800,000 square kilometers—roughly the size of France and West Germany together—south and east of Belém and São Luís and on the Tocantins and Araguaia rivers. The difficult, isolated, and sparsely inhabited terrain had few, if any, facilities. Initial development costs were estimated at over US$60 billion (in 1980 dollars), of which US$39 billion was for mining development and US$22 billion was for infrastructure costs. The project would not be completed in the 1980s. The pace of development would depend on foreign financing, the availability of Brazilian funds—particularly from the government—market conditions at home and

abroad, and numerous other factors. In 1981 and 1982 the adverse situation in Brazil and in developed countries imposed constraints that slowed the project. Yet most of the separate undertakings were interrelated; slowing one affected others.

The Greater Carajás Council, an interministerial body, was created in 1981 to oversee and coordinate the project. Public sector companies provided a guiding hand. The government-owned Companhia Vale do Rio Doce (CVRD) was a major actor, branching out from its primary role as an iron ore company into mining and processing bauxite into aluminum and mining other ores. Electrobrás and its subsidiaries were building the large Tucuruí hydroelectric dam and transmission facilities. Other public sector organizations, such as the railroads and shipping, as well as government agencies for Indian affairs, agriculture, and banking, were involved. Yet much of the money, technology, and development effort came from the private sector, largely foreign companies in the individual mining and processing undertakings.

The initial focus of the Carajás project is exploitation of the area's mineral wealth, which amounted to an estimated US$543 billion in 1980 dollars. Creation of farms and cattle ranches was reportedly in the early plan, but by 1982 little agricultural activity was noted. Presumably, limited funds constrained farming development. The Tucuruí Dam was nearing completion in 1982, but installation of some transmission lines was slowed by a year because of the tightness of financing. The hydroelectric potential in the Carajás area was above 24 million kilowatts.

Mining of iron ore was a major aspect of the Carajás project. Iron ore reserves were estimated at about 18 billion tons. Mining was scheduled to start in 1985 with production of 15 million tons and to stabilize at about 35 million tons annually from 1987 on, although capacity could be increased to 50 million tons a year. A 890-kilometer-long, specially built railroad would carry processed ore to a major port to be built near São Luís in the state of Maranhão. Initially, the railroad will use diesel engines, which may threaten the short-term economic return of ore mining. The railroad will be electrified later when more of the area's hydroelectric sites have been developed. The ore will be exported for the foreseeable future; purchase agreements for 25 million tons of ore a year were a prerequisite of international bankers for development loans. CVRD owns the deposits for the initial mine and is overseeing the railroad and port construction.

The world's largest bauxite deposits are thought to be in the Amazon. Some 2.2 billion tons of reserves have been found, of which 1.1 billion tons were in the Carajás area. Another 1.1 billion tons of proven reserves were in the Trombetas region north of the Amazon River but usually included in the Greater Carajás project.

CVRD had varying degrees of ownership in the bauxite deposits along with large private domestic and foreign firms. The Trombetas mine began producing in 1979 and may export 4 million tons by 1985.

In 1982 Brazil had three alumina refineries and four aluminum smelters. Additional refining and smelting capacity was being constructed at São Luís and near Belém to process Carajás bauxite. The US$1.4 billion Alumar project (capacity of 500,000 tons of alumina and 100,000 tons of aluminum) at São Luís was scheduled to begin operations in late 1984. A Japanese consortium, participating with CVRD in the giant Belém Albrás refinery and smelter, was reportedly backing out of the smelter project in late 1982 because of low Brazilian and world demand for aluminum and its consequently low price.

Substantial reserves of other minerals are known in the Greater Carajás area. One manganese deposit contained 44 million tons of ore with 42 percent manganese content. This deposit was scheduled for development, but difficulties arose between CVRD and foreign participants, and its status was unclear in late 1982. One copper deposit contained 415 million tons of ore with 0.92 percent copper content, and an additional 600 million tons of reserves existed in other sites in the Carajás area. No copper exploitation was known to have been started, although Brazil imported most of its copper. Nickel reserves of 45 million tons with 1.5 percent nickel content had been confirmed. Gold-bearing ore amounted to an estimated 100,000 tons and was being exploited, although by small-scale operations.

The decision to proceed with the Carajás project came at an unfortunate time. A Brazilian and a world recession had reduced demand and lowered prices in world markets for many products, including aluminum and iron and steel. Considerable excess capacity existed. Interest rates were high. Investors were hesitant to tie up funds in large undertakings in the Carajás project that might be slow to earn a return in an uncertain future. Some Brazilians argued that these minerals would be needed later in the 1980s, and a start had to be made to exploit the area's obvious mineral wealth. Critics charged that Antônio Delfim Netto, the minister-chief of the Planning Secretariat, launched the Carajás project because the large loans that mineral development would attract would ease balance of payments pressures through much of the 1980s, but that the project would not be able to pay for itself in the long run. Much would depend on world market conditions in the next decade or two.

Another setback to the Carajás project was the slippage in completing individual undertakings. The original plan carefully scheduled construction so that various phases would be completed for the next stages. The shortness of funds, particularly government and public sector investments, upset the scheduling. In

1982 journalists reported that contractors were slow to be paid by government organizations and had to cut back work because of cash-flow difficulties. In other instances the government announced delays in completing specific construction projects. How serious the disruptions have been to the schedule of phased construction was not clear in late 1982. Government critics claimed that production and export of minerals had been delayed considerably.

Manufacturing

Until the twentieth century the country's minerals contributed little to the development of manufacturing. Colonial policies restricted Brazil to exporting primary products, such as sugar, cotton, tobacco, and gold, and importing manufactures. Portugal's commercial treaties from the early 1800s until the 1840s continued to open Brazil to imports, particularly from Britain, which made it difficult for any Brazilian manufacturing industry to emerge. Only late in the 1800s was local industry beginning to supply manufactured products on an appreciable scale to the domestic market.

Until the 1960s manufacturing was mostly import substitution—developing domestic production to replace goods formerly imported. Government policy at times encouraged local manufacturing and at other times, in pursuit of other policy goals, achieved that result accidentally. The two world wars and the depression of the 1930s stimulated domestic industry because of the difficulties of obtaining imports. Import substitution started with consumer goods, particularly food processing and textiles, which branched out to include finished clothing. Important additions in the 1920s included an integrated steel plant and a cement plant. Direct investment by international firms in plants to produce rubber products, chemicals, and aluminum, and to assemble vehicles broadened the industrial base in the 1930s and 1940s.

By 1950 manufacturing produced a broad range of products. Food, beverages, and tobacco accounted for 25 percent of the value added from industrial activity and textile products and shoes another 24 percent; these two broad manufacturing industries remained by far the largest in the economy, but their importance had declined from nearly 70 percent of value added in the 1920 census. Chemicals, nonmetallic minerals, metals, and machinery—the basic heavy industries—were added and grew substantially between 1920 and 1950; their combined contribution to value added in the latter year was 33 percent. Many of the manufacturing plants built in the 1930s and 1940s were large scale and modern. Moreover, institutions were established to train scientists and conduct research and development in order to advance the technology available to industry.

After World War II Brazil's economic officials made a deliberate shift to a policy of fostering industrialization as the means for rapid economic growth. Studies of the economy by various international

economists in the 1930s and 1940s pointed to the vulnerability of relying on the export of a few primary commodities. The war reinforced the message of the studies. The hazards of shipping and the closed markets during the war stimulated domestic industry. After the war, officials sought to continue the alteration of the structure of the economy rather than return to a focus on exports of primary products.

Between 1945 and 1962 industry grew at an average rate of 8 percent a year, and industrial output increased nearly fourfold. Import substitution remained the basic objective, but the possibilities in food and textile industries were largely exhausted. Growth was concentrated in transport equipment, metal products, electric machinery, and chemicals and pharmaceuticals by public investments and encouragement of direct investment by foreign firms, particularly those in automotive fields. Import substitution created balance of payments pressures, however, along with other distortions. Even the substantial inflow of foreign capital was insufficient to compensate for the slow growth of exports, and by the early 1960s the importation of needed goods was restrained by controls. The stabilization program of the 1964–67 period resulted in slow growth of the economy and manufacturing (3.6 percent a year) but corrected many of the problems for the rapid growth that followed.

Between 1968 and 1973 manufacturing industries grew at the remarkable average rate of 13.9 percent a year, and manufactured exports grew at 38 percent a year. Part of this growth resulted from putting to use idle manufacturing capacity, but numerous policy changes also contributed. The former system of multiple exchange rates, which afforded a high level of protection to favored industries, was replaced by a single rate that was devalued frequently in small amounts to avoid overvaluing the domestic currency. Tariff levels were reduced and import restrictions liberalized, although in a stop-and-go pattern. A number of fiscal and credit incentives were established to affect investment in industries that manufactured for export. Public investments also fostered growth in key industries. Foreign firms were encouraged to locate in Brazil through specific incentives and a hospitable political environment.

The sharp price increases for crude oil in 1973 and 1974 created immediate balance of payments problems. The response of policymakers was to reimpose import restrictions, stress import substitution, and expand the foreign debt. Since the early 1960s import substitution possibilities had been largely confined to machinery, chemicals, fuel, and miscellaneous manufacturing. After the first oil crisis, government policy spurred expansion in these fields, accompanied by large public and private investments, particularly in steel, nonferrous metals, electric power, petrochemicals, fertilizers, and pulp and paper. The goal was self-sufficiency by 1980. Demand in the economy was declining, however, and idle capacity became a problem as projects were completed. After 1976 the public investment program had to be slowed, lowering demand for machinery

and construction materials. Manufacturing expanded at an average of only 6.8 percent a year between 1974 and 1980. Incentives were maintained for exports, but expansion of manufactured exports slowed, averaging only about 17 percent a year (in constant United States dollars) between 1975 and 1980.

In 1981 manufacturing fell by 9.9 percent. Some industries were much more severely affected than others. Consumer durables dropped 27 percent, including a 35 percent fall in car production. In contrast, consumer nondurable goods declined by only 2 percent. Capital goods industries were depressed; production levels were nearly 19 percent below 1980. In the first quarter of 1981 capacity utilization of manufacturing was down to 78 percent generally and was lower in the more depressed industries. The recession forced manufacturers to find cost-saving techniques and to rationalize their operations. Another positive result was an increase of manufactured exports as foreign sales were sought to replace the contracting domestic market. Economists were predicting that a slow recovery of the economy and industry would begin in 1982, but many firms were in financial difficulty.

The steel industry exemplified some of the problems the economy faced in 1982. Domestic demand for steel products expanded at a high rate after the 1940s. Because the country possessed large iron ore reserves, a usually expanding domestic market, and the potential for export, government planners approved substantial additions to capacity in the early 1970s during the economic miracle. In 1980 steel output exceeded 15 million tons, placing Brazil tenth in world production and ahead of traditional producers, such as Britain, Belgium, and Czechoslovakia. The public sector was highly active in basic steel, having seven operating companies that accounted for 60 percent of sales in 1981, substantially lower than in earlier years. About 32 private companies, primarily Brazilian owned, contributed mostly specialized products to steel production. In 1982 steelmaking capacity was about 18 million tons, but production would probably be close to 13 million tons. By 1985 capacity could reach 25 to 28 million tons if projects under construction are completed. One modern private plant completed in late 1980 was operating at 50 percent capacity in 1982 with financial costs twice as high as income. A highly sophisticated government-owned steel mill having a production capacity of 2 million tons a year was several years behind schedule and had incurred large cost overruns. It was considered a white elephant even before its completion, and in 1982 its fate was uncertain. Steel exports were about 2 million tons, providing a small export surplus over imports in value terms between 1979 and 1981. Officials faced hard decisions and difficult financing with the overcapacity and shortage of funds.

Apart from recession-induced problems, Brazil had a large, broad-based manufacturing sector capable of producing automobiles,

airplanes, large ships, heavy construction equipment, computers, modern communications systems, plastics, machine tools, and many other products (see table 8, Appendix). Broadening of manufacturing capabilities was rapid after World War II. In 1962, for example, traditional manufacturing (food, textiles, wood and furniture, and publishing and printing) contributed 49 percent of the value of production compared with 34 percent in 1980. Other industries, largely heavy industry, expanded substantially faster than traditional ones. In 1980 the value of chemical production (17 percent) and of metallurgy (nearly 17 percent) were each greater than the value of food processing (14 percent). When various types of machinery and equipment were consolidated, the value of production exceeded 19 percent of the value of manufacturing.

Of all the Latin American countries, Brazil gave the greatest amount of explicit attention to technology to help the industrialization process. From 1920 on, various research and development institutions were created, and the training of engineers and scientists was encouraged. Institutions for funding such activities were added. An example of the progression was development of airplane production. The first airplane was built in Brazil in 1910, but the impetus for development of an aircraft industry came in 1940 with the creation of the Ministry of Aeronautics, which stimulated research. In 1946 a technical institute to train aerospace engineers was created, followed by a research center in 1954. A team at the research center developed the design of the Bandeirante airplane in the early 1960s as a replacement for aging American DC-3s widely used on Brazil's dirt-strip backcountry airports. The Bandeirante team was transferred to a newly formed public-private Brazilian aeronautics enterprise (Empresa Brasileira Aeronautica—Embraer), in which the government provided incentives for private investors to purchase over 90 percent of the company stock. The Bandeirante proved a success and was modified for various users at home and abroad (see Defense Industry, ch. 5). Embraer, formed in 1967, built other planes, including some under license from foreign firms. By 1980 Embraer was one of the larger aircraft companies in the world. Economic studies suggested that over one-fifth of industrial expansion between 1959 and 1970 resulted from technological advancement.

One means of advancing technology was to encourage investment by foreign firms in manufacturing plants in Brazil. Government policy generally provided incentives and a hospitable environment for direct foreign investment, but such investments fluctuated for various reasons. In 1979 foreign firms held an average of 22 percent of the equity in all manufacturing industries, down from 34 percent in 1971. Foreign equity varied considerably in 1979 from 96 percent in tobacco manufacturing, to 66 percent in pharmaceuticals, 57 percent in transportation equipment (mainly cars and trucks), 19 percent in chemicals, 11 percent in metallurgy,

and very small amounts in some traditional industries.

In the 1970s Brazilians again became concerned with direct foreign investment controlling the economy. Various measures were adopted to lessen foreign participation. In the mid-1970s foreign companies could no longer buy Brazilian companies considered by the government as important in priority industries. Public sector companies (an important element in the economy) also gave preference to sales from wholly owned Brazilian companies. Public investment and, therefore, equity increased in manufacturing. Nationalism crept into commercial and investment policies, but declining demand, lower profits, and other factors also helped discourage foreign investors.

In the 1970s public sector ownership in manufacturing continued the increase that had begun in the 1940s. The publicly held equity in manufacturing firms increased from 18 percent in 1971 to 22 percent in 1979. The public sector was dominant in chemicals (64 percent of total equity in 1979), reflecting government activity in oil refining and petrochemicals. The public sector owned 38 percent of equity in the metallurgical industry, primarily steel. Government equity in other industries was expanding but represented only a small part of total ownership shares. Private domestic investors increased their equity in most industries and raised their share of total equity in manufacturing from 47 percent in 1971 to 55 percent in 1979.

Brazil's industry operated in a protected market. In 1973 the nominal average tariff on manufactured imports was 57 percent. In 1980 the market was even more highly protected, nominal tariffs ranging from 23 percent to 203 percent and averaging just above 100 percent. The increased tariffs and other measures were imposed after the first oil crisis to restrict imports. The protection appeared excessive and fostered production for the domestic market at the expense of exports. Studies suggested that Brazil's long-term use of import restrictions since World War II had not promoted inefficient and socially costly manufacturing industries. Although efficiency varied considerably among firms and between industries, Brazilian manufacturing was generally judged competitive with that in other countries, and the growth of manufactured exports since 1967 supported the findings of individual studies.

Most manufacturing firms were small; many were little more than shops. In 1970 (the last industrial census available in late 1982) firms employing up to 99 workers made up almost 98 percent of the 142,110 establishments and employed 50 percent of the industrial labor force but contributed only 36 percent of the value added by manufacturing. Medium-sized firms (employing 100 to 250 workers) were little more than 1 percent of the total and provided 15 percent of industrial employment and 17 percent of value added. Large firms (employing over 250 workers) numbered 1,213 (just under 1 percent) and provided 35 percent of

employment but accounted for 48 percent of value added. The importance of small firms to employment and large firms to output was obvious.

Brazil's industry is highly concentrated in the Southeast—the states of Minas Gerais, Rio de Janeiro, Espírito Santo and, especially, São Paulo. In 1976 this region's share of total industrial employment was 70 percent and of total value added, 77 percent. In the 1960s the government established programs and provided liberal incentives to locate industry in disadvantaged regions, particularly the North and the Northeast. The programs stimulated industrialization outside of the Southeast, suggesting that geographical concentration peaked in the 1960s, but available data indicated that the deconcentration achieved by 1976 was small.

The South had the second largest share of manufacturing. In 1976 this region had 21 percent of the firms, 19 percent of industrial employment, and 15 percent of value added manufacturing. Manufacturing increased substantially in the Northeast, but its relative share continued the decline reflected in industrial censuses since at least 1940. In 1976 the Northeast had 10 percent of the manufacturing firms (15 percent in 1940), 8 percent of industrial employment (18 percent in 1940), and 6 percent of the value added (9 percent in 1940). The North contributed only 0.6 percent of the value added by manufacturing in 1976. Industrialization in the North and Northeast expanded more slowly than the national average in spite of the special incentive programs.

Agriculture

From the earliest years of the colonial era, agriculture has held center stage in the economy. Plantation agriculture was the country's link to the world economy. Large holdings dedicated to monocultural export crop production and dependent on slave labor formed the basis of the agrarian economy. Beginning with sugar cultivation in the sixteenth century, economic trends have been dictated by a series of "boom-bust" agricultural cycles. Cotton, cocoa, rubber, and coffee followed sugar. In each case Brazil brought reserves of land into cultivation, specialized in the export crop of the hour, and attained a position of dominance in the world market only to be supplanted by other producers and to suffer economic reverses as world prices declined. "Booms" were inexorably followed by "busts" and a period of stagnation until another "boom."

Agriculture in the 1980s offered both contrasts and continuities with this pattern of development. The agricultural sector continued to play a significant role in the economy, but in terms of neither domestic production nor exports did a single crop dominate the way sugar, coffee, or rubber had at their apexes. The government had aggressively pursued a policy of industrialization and diversification of exports. Policymakers relied on agriculture

to provide the food, fuel, and labor for industrial growth.

In the 1970s soybeans outpaced Brazil's traditional agricultural income earners: coffee, cocoa, and sugar. There was as well a general rise in the number of agricultural products exported. Largely as a result of government incentives favoring processed goods over raw crops, the volume, value, and variety of semiprocessed and manufactured agricultural products increased substantially. The notable changes in output tended to divert attention from the long-term continuity in the structure of agriculture. Large landholdings retained their dominant position. Land use remained extensive; gains in productivity were limited. Export and commercial crops garnered a disproportionate share of the best land, as well as of improved inputs, research funding, and developed infrastructure. There has been a general neglect of most common foodstuff items: manioc, corn, and beans. In the mid-1970s the government started funding centers for research on specific food crops. As a whole, however, what Brazilians ate was grown by small farmers on marginal land under primitive conditions; what they exported was the domain of large landowners holding the most desirable land and having access to modern agricultural technology.

Land Tenure

Landholding continues to be concentrated: a relative few control reserves of land disproportionate to their number. This pattern of landownership dates almost from the colony's inception. Faced with the task of forestalling French claims to Brazil and lacking population reserves to settle the region, the Portuguese crown gave vast land grants to a few. Colonization was an alternative to effective military control of the Brazilian coast. Within decades of the initial settlement, the best coastal land had been divided into large sugar plantations. The backlands followed soon thereafter with enormous cattle ranches; a steady supply of animal traction was almost as essential as slave labor to sugar mills. Wealthy plantation owners endeavored to own their own cattle ranches to ensure a dependable source of draft animals. The crown made belated efforts to reverse the process of land accumulation; in 1695 a single grant was limited to 14,400 hectares, and soon thereafter the maximum was dropped to 10,800 hectares. Throughout the eighteenth century there were periodic royal threats to expropriate uncultivated land. Although the system of land grants was formally abolished in 1822, from 1830 onward public lands could be leased on the basis of squatters' rights without any size limitation. There has been little curb on the accumulation of vast landholdings and still less incentive to use land intensively. The pattern has been to abandon land and move farther toward the frontier as soils became exhausted and yields declined.

Farmers of German descent processing erva maté (tea), Santa Cruz, Rio Grande do Sul
Courtesy P.A. Kluck

Tobacco seedlings, Santa Cruz, Rio Grande do Sul
Courtesy P.A. Kluck

According to the 1975 agricultural census, slightly more than half of all agricultural establishments (farms) controlled less than 3 percent of all farmland. At the other end of the scale, less than 1 percent of all farms held more than 40 percent of the land. The level of concentration holds whether one looks at land in temporary or permanent crops and, practically speaking, regardless of the region of the country. There is, however, variation in both the extent to which landholdings are concentrated among the largest farms, i.e., those of more than 1,000 hectares, and the level of land fragmentation to which small holdings are subject. Farms of 1,000 hectares or more have their greatest share of all land in the North and Center-West where they represent 54 and 69 percent of agricultural land, respectively (see table 9, Appendix).

Land distribution has been basically unchanged over the past half-century. The share of small, medium, and large farms has been generally stable since 1920 (see table 10, Appendix). Although the average holding in 1975 was only one-quarter of what it had been in 1920, most of this decrease was absorbed by larger holdings (those over 100 hectares in size); relative to those farms' size, the decline has been minimal. In relative terms the smallest holdings fared the worst; the average size of farms of less than 10 hectares declined by 20 percent between 1940 and 1975. Mid-sized farms (from 10 to 100) were roughly equal to their 1940 averages (see table 11, Appendix).

Farm size was maintained by bringing new land under cultivation; total hectares held by farms nearly doubled between 1920 and 1975. The last half-century has been an almost constant process of expansion onto virgin agricultural land. The push into Paraná began in the 1920s and finally leveled off in the 1950s. Then in the late 1950s and throughout the 1960s there was expansion into Goiás and Mato Grosso do Sul, encouraged in part by the relocation of the capital to Brasília. In the 1970s farmers brought increasing amounts of land in Rondônia, Acre, and Roraima under claim if not into production. The rise in land under cultivation accounts for most of the increase in crop production (see Land Use, this ch.).

The move into Paraná brought productive agricultural land under cultivation and generated sufficient income to invest in infrastructure. Moves in the 1970s were into increasingly remote regions. At the same time, increases in the cost of oil made transportation and marketing more expensive. Infrastructure in recently settled regions was rudimentary. Amazonian settlements also required substantial investments in agricultural research. Much of the remaining frontier land was tropical forest; once cleared, its thin topsoil was rapidly leached, and yields declined within several years of first planting. Satellite surveys discovered areas of rich topsoil in the Amazon Basin, however. Research in the late 1970s demonstrated a number of promising possibilities

for sustained-yield agricultural production in the tropics. Some agronomic studies found that properly managed pasturage actually stabilized tropical soils and enhanced their fertility. A research station in the Peruvian Amazon maintained yields of some 10 tons of grain per hectare annually for nearly a decade through a complex system of crop rotation. It remained to be seen whether tax incentives would be changed to favor intensive land use rather than extensive clearing and abandonment of land. Given the relative availability of new forestland, it was doubtful that most farmers or ranchers would choose land management systems capable of generating sustained yields. An early 1980s survey of cattle ranches in Pará, for example, found that 80 percent had been abandoned.

Although the country's extensive land reserves and growing rural-urban migration alleviated the problem of land fragmentation, more than half of all farms had less than 10 hectares. The level of fragmentation was most acute in the Northeast where, overall, some 70 percent of all holdings were of less than 10 hectares. In Paraíba and Pernambuco the proportion rose to three-quarters of all holdings; in Maranhão nearly 90 percent of all farms had less than 10 hectares.

One corollary of concentration in agricultural holdings is that intensity of land use varies inversely with farm size. Further, with the exception of cotton in Alagoas, coffee in São Paulo, and cocoa and sugar in some regions, agricultural surveys through the mid-1970s consistently found that large holders do not outproduce small farmers on a per hectare basis, and small farmers tend to use their limited resources more intensively than do large landowners. This relationship holds true even when allowance is made on the quality of land. It is not simply that large farms include a greater portion of land inappropriate for crop production within their boundaries. Some surveys found that sharecroppers rank higher in factor productivity than do landowners; they tend to use their limited land, labor, and capital more productively. It is also true regardless of region: large holdings in the South and Southeast tend to outperform their counterparts in the Northeast, but small holdings still use land more intensively across the board. What is produced does have an impact on returns to scale and intensity of land use. Among large landholdings, cattle ranches use land least intensively, and coffee plantations much more so.

The Northeast provides an instructive, albeit extreme, example of the relationship between land size and use. In that region holdings of less than 10 hectares maintain an average of half their land in cultivation; among the largest farms the proportion falls to a scant 10 percent. On farms of more than 500 hectares some 85 percent of the land is used for neither crops nor fodder. These farms control nearly half of all agricultural land and contribute less than one-third of output. Small holdings, accounting for 1.4

percent of farmed land, produce roughly 7 percent of agricultural production. Looking at expenditures per hectare, including labor, mid-sized farms spend one-quarter the rate of those with less than 10 hectares; holdings of more than 500 hectares spend less than one-tenth the rate of the smallest farms.

Large holdings use labor and capital less intensively than do small holdings. Labor input drops steeply as the farm size rises. Capital expenditures per hectare also drop, but not as precipitously as labor, so that large and mid-sized holdings tend to have higher capital-to-labor ratios than do smaller holdings. As a rule the largest holdings woefully underutilize labor while the smallest overuse it. Again, the Northeast provides a useful example: the smallest holdings use from 25 to 45 times the labor per hectare that the largest holdings do. Most of the smallest farms make use of family labor that simply has not been absorbed by nonagricultural employment or wage labor off the family farm. On large holdings the marginal productivity of labor is estimated at double the wage rate.

The data from agricultural surveys do not readily lend themselves to long-term comparisons between the factor use and productivity of various sized farms over time. On crops and regions for which adequate comparable data are available, the relationship between agricultural output and farm size remained roughly constant from the early 1960s through the mid-1970s. Economists estimate that a division of unproductively used land into parcels of the sort envisioned by the Land Reform Statute of 1964 would result in an overall increase of agricultural output in the range of 15 to 25 percent (see Government Policy, this ch.). In the Northeast, Brazil's poorest region and the one in which problems related to land distribution and use are most acute, such a redivision would double the number of farms. It would absorb significantly higher levels of labor than the extant agricultural system. Increases in foodstuff production would lower prices for consumers, although the magnitudes are difficult to project. A 1978 World Bank (see Glossary) study found that the number of families able to afford a minimally adequate diet would rise by more than 100 percent. In addition, the projected redistribution would provide full-time employment for another 500,000 workers.

Tenancy—in the sense of operator of a farm—is strongly geared toward ownership. In 1975 (the last agricultural census for which information was available in late 1982) slightly more than 60 percent of all farms were owner operated. The national average obscures significant regional variation in the incidence of landownership (see table 12, Appendix). The preponderance of landowners among all agricultural establishments reflects the large number of small proprietors in Brazil. Approximately one-fifth of all farms are held by simple squatters' rights or, less frequently, occupied without payment but with an owner's tacit or formal consent.

Farms occupied without title or without a rental or sharecropping agreement are found principally in the North, where they account for half of all farms and more than one-third of the land, primarily because of the region's recent settlement. There continues to be considerable confusion over land titles, and relative chaos in landholding has accompanied the move onto frontier land (see Rural Society, ch. 2). The early phases of land settlement are rarely under government control, and it requires years to bring order to land titles.

The government has initiated a number of efforts to resolve land conflicts. The National Institute for Colonization and Agrarian Reform (Instituto Nacional da Colonização e Reforma Agrária—INCRA), the agency in charge of administering the Land Reform Statute and organizing government-sponsored settlement projects, has recently redirected its efforts. INCRA by the early 1980s was focusing on resolving land conflicts among migrants who came to the North on their own initiative. The agency issued more than 100,000 land titles annually in 1980 and 1981; in 1982 INCRA expected to grant more than 300,000 titles. In late 1981 the government halved the length of occupancy (from 10 to five years) necessary for squatters to establish title to unclaimed land. The change was expected to benefit roughly 100,000 squatters.

Less than 20 percent of all farms and a minute portion of agricultural landholdings (under 5 percent) are worked under sharecropping or rental arrangement. Sharecroppers give a portion of their harvest to the landowner and often must put in a certain amount of labor on the owner's fields. Renters pay, either in cash or produce, a specified fee for the use of a parcel of land for a specified period. Renting is most common in the Northeast, where the level of land fragmentation makes it essential for small farmers to rent in order to supplement their own plots of land. Renting and sharecropping are subsidiary arrangements for large landowners in all regions. Nationwide only 1.2 percent of all land is sharecropped; in no region does the figure approach 5 percent of land. Similarly, except for the North and the South, where approximately 6 percent of the land is rented, little land finds its way into the rental market. That large owners let relatively little of their holdings contributes significantly to the generally low level of intensity with which land is used.

At best, renting and sharecropping give access to small plots of land. Renters and sharecroppers are concentrated among smallholders: more than half have less than five hectares (see table 13, Appendix). Small proprietors reportedly rent or sharecrop to supplement their production, although the exact extent to which this occurs is not known. Nonowning terms of tenancy are not common for larger holdings; nonetheless, they do occur, and the distribution of rented and sharecropped land among the various size categories reveals the same patterns as that among landowners.

Rented and sharecropped land is concentrated. Less than 4 percent of all renters, holding parcels of 100 hectares or more in size, control nearly 70 percent of all rented land. Slightly more than one-quarter (with less than one hectare) garner less than 1 percent of the rented land. The top 1 percent of sharecroppers have nearly 40 percent of the sharecropped land; the lower half (with parcels of less than five hectares) have approximately 10 percent.

Although overall land distribution has been relatively stable since 1940, the share of the various tenure categories has changed substantially, as has the distribution of sharecropped, owned, rented, and squatter farms. Although still a majority, in 1975 owner-operated farms had declined relative to most other kinds of tenure. The percentage of squatters had more than tripled, and that of renters and sharecroppers was roughly one-third its 1940 level. Occupants increased their share of landholdings substantially—probably a reflection of the growing pace of frontier settlement. The average land size declined for all kinds of tenure except squatters. The steepest decreases were registered for renters and sharecroppers, whose average holding in 1975 was 15 percent that of 1940.

A number of changes in the 1960s and 1970s were implicated in the drop in sharecropped and rented land. Incentives for increased beef and dairy production indemnified coffee growers for switching from that crop (a labor-intensive one) to pasture. Rising soybean prices further encouraged a switch from coffee. The national alcohol program (Proalcool) may have had a similar effect (see Energy, this ch.). Finally, legislation designed to regulate the conditions of employment and tenancy in agriculture has had as a side effect a decline in economic opportunities for those the laws sought to protect.

Land Use

Land use in Brazil is characteristically extensive; farmers realize gains in production by bringing more land under cultivation rather than using land, labor, or capital more intensively. Of the more than 300 million hectares in farmland in 1975, less than 40 million hectares were in crops and another 166 million hectares were in pasture, of which roughly one-quarter was improved. Most of the increase in agricultural output since 1960 has been brought about by increases in the area in crops; yields per hectare have generally held constant. In the 1970s, however, yields did improve for soybeans, cocoa, and some fruits and vegetables, while they declined for several major foodstuffs—manioc, beans, wheat, and rice among them. Corn, accounting for roughly one-quarter of cropland and second only to soybeans in value in the late 1970s, is typical of the pattern; yields fluctuated little in the 1970s while a gradual increase in planting generated a minimal 1.6 percent annual growth in production. Brazil's vast land reserves have

permitted extensive land use without seriously eroding output. Frontier land brought under cultivation in the 1960s and 1970s, however, was further removed from the most densely settled regions. Making these regions effective food suppliers to urban areas involved substantial costs in infrastructure (see Land Tenure, this ch.).

There has been a distinct dichotomy in agricultural technology among farmers. Improved inputs have been largely limited to prosperous farms geared toward export crop production. They have enjoyed significant research funding, access to credit and modern inputs, and developed infrastructure. Traditional foodstuff items have been largely neglected. Until the 1970s they were infrequently the subject of agricultural research, and those who grew them rarely had access to improved seed, fertilizer, or pesticides. Beginning in the 1970s the government made efforts to redress the balance. Crop-specific research centers for, among others, rice, beans, manioc, fruit, corn, and sorghum, were started. Research and funding of extension services grew by nearly 25 percent annually in the 1974-78 period. There were attempts to target funds to the poorer Northeast. Nonetheless, in the late 1970s the use of modern inputs remained heavily concentrated among farms geared to export crop production, especially those in the South and Southeast. Soybeans, sugarcane, wheat, and coffee accounted for approximately 60 percent of the fertilizer used; on a regional basis the North and Northeast used only 10 percent of the fertilizer. São Paulo and Rio Grande do Sul in 1977 had half of the country's tractors, Paraná and Minas Gerais another 29 percent. Ninety percent of the area planted in wheat used improved seeds, and 70 percent of that planted in soybeans did so; at the other end of the scale, less than half the area planted in corn used improved seed varieties, and only 4 percent of the acreage in beans did so.

Crops

Farm production rose by an estimated 5 percent in 1981 (see table 14, Appendix). In late 1982 the government projected a decrease of similar magnitude in that year's harvest. Coffee and soybeans registered the steepest drops; experts expected coffee production to be down by one-half, and soybeans, by some 14 percent. Since the 1950s there has been an increasing shift to manioc at the expense of most other foodstuffs. Manioc is the only crop to show consistent gains as a percentage of output. From the early 1950s through the late 1970s cereals declined in relative terms. Both corn and rice production suffered as a result of the wheat incentive program. Changes within those crops grown primarily for export have been more striking. Export crops' share of agricultural output (by value) fluctuated from roughly half in the early 1950s, to scarcely more than one-third in the mid-1960s, and back to one-half in the late 1970s. The largest change was the

expansion in soybean production coupled with the relative decline of coffee and cotton (see Agricultural Exports, this ch.). Indeed, soybeans accounted for most of the export sector's overall growth, as well as differences between the growth rates of export crops and domestic foodstuffs. From 1955 through 1979 the average annual growth rate (in value) of foodstuffs declined by one-third, while that of exports more than doubled. Without soybeans, however, export crop growth was negligible, and the growth rate of total agricultural production dropped by four-fifths.

Food crops tend to be grown by smaller landholders, and their cultivation is dispersed. Regional specialization is limited. Corn output is slightly concentrated in the Southeast and South, rice in the South and, to a lesser degree, in the Center-West. Beans are grown everywhere, but the South exports a surplus to other regions. Manioc likewise is found everywhere, but especially in the Northeast. Roughly 70 percent of corn, 75 percent of beans, and 80 percent of manioc are grown on holdings of less than 50 hectares. In the South rice is grown on large holdings, but in the Center-West half of all production comes from holdings of less than 50 hectares.

Although coffee production declined generally in the 1970s, coffee growers enjoyed high earnings. A decline in volume contributed to higher prices; real prices for coffee growers moved upward at an annual average of approximately 13 percent from the mid-1960s to the early 1980s. At the same time, the portion of processed coffee exported grew by leaps and bounds. Planting shifted from the freeze-vulnerable regions of Paraná into Minas Gerais (government incentives aided in the process). There was also significant modernization of the sector; new varieties and improvements in tree care and processing equipment helped offset the drop in the area planted. Allowing for annual weather-related variation, productivity rose substantially from 401 kilograms per 1,000 trees in 1960 to 708 kilograms in 1978. The average age of coffee trees dropped.

Cotton, although its drop in export earnings was more precipitous, showed similar trends. Raw cotton declined while yarn and fabric exports absorbed the output of cotton. High prices for textiles (some two and one-half times those for raw cotton in the 1970s) facilitated the switch. By the early 1980s, however, policymakers feared rising tariffs against textiles. Nonetheless, cotton declined in yields and profitability in the 1970s. Cotton lost land to sugarcane and soybeans alike.

Cocoa, like coffee, benefited from modernization in the 1960s and 1970s. In 1965 Brazil represented 8 percent of world cocoa production; by 1978 its share was nearly 20 percent. In common with other export crops, there has been a shift toward processed cocoa derivatives. Prices rose throughout the decade; farmers reaped substantial profits, the size of the planted area enlarged,

and yields improved. Production, heretofore limited to Bahia, expanded into Pará and Rondônia. The mini-boom raised questions as to whether Brazil's increased output might not further depress world prices, which were expected to weaken in any event in the mid-1980s.

Soybean expansion outstripped that of all other crops. For roughly a decade (1966-77) the area harvested grew at an astounding 31 percent annually; by the late 1970s soybeans ranked second to corn in terms of land use. Production rose from scarcely more than 1 million tons in 1969 to 15.5 million tons in 1981. Yields as well increased by roughly 50 percent between 1967 and 1981. The most substantial increases came in the early 1970s; thereafter, output and acreage grew less rapidly. Production spread northward from Rio Grande do Sul into Paraná and São Paulo. The shift helped mid- to large-sized farms beset by the decline in coffee production in those regions. The drop projected for 1982 reflected a combination of drought, prices, and a drop in the area planted.

Livestock

The country has one of the largest livestock populations in the world; in 1980 the herd included some 91 million cattle, 36.5 million swine, 18 million sheep, and nearly 400 million poultry (see table 15, Appendix). Except for minor annual fluctuations related to herd replacement and market forces, most livestock have increased steadily since roughly 1920. From 1940 to 1980 cattle herds have grown at an average 3 *percent annually*, swine at 1.8 percent, and poultry at a hefty 5.5 percent. (The most substantial rates for poultry came in the 1960s and 1970s.) Cattle herds are concentrated in Minas Gerais, Rio Grande do Sul, Goiás, Mato Grosso, and São Paulo (see table 16, Appendix). European breeds, such as Hereford and Angus, are raised in the southern regions; zebus are more common in tropical climates. Holsteins are the predominant dairy cattle. The growing poultry industry is centered in the Southeast and South, principally São Paulo. Indeed, in 1979 that state's poultry accounted for nearly 20 percent of all chickens by value. Livestock production, particularly cattle raising, has traditionally relied on vast reserves of pastureland; during the 1970s, however, the use of improved rations and forages did increase.

Beef and veal production in the mid-1970s and early 1980s fluctuated between 2.1 and 2.5 million tons annually. Production in 1981 and projected production for 1982 registered increases of approximately 5 and 10 percent, respectively. Experts attributed the rise to ranchers' slaughtering more animals than herd maintenance would normally require. Experts expected that the trend would bottom out in 1982 and that ranchers would begin rebuilding their herds in 1983. Government incentives fueled exports; in contrast with most agricultural products, fresh beef exports grew

more rapidly than processed items. Pork production rose until 1980, when a 35-percent increase in the farmers' minimum price combined with consumers' fast-eroding disposable income. Production dropped slightly in 1981, and the decline was expected to continue through 1982 (see table 17, Appendix).

Poultry was the fastest growing sector of livestock production. Production increases continued into the 1980s at a slackening pace, with an average annual growth rate through 1982 estimated at 13 percent. Exports played a major role in expanded production; their share in production grew from less than 1 percent to 21 percent in six years (1975-81). The Middle East and Soviet Union were the chief markets.

Dairy production was hampered by government price controls and the decline in consumers' purchasing power in the early 1980s. The general impact of retail price controls on fluid milk has been to encourage dairy farmers to shunt milk into processed dairy products and to limit overall investment in the dairy herd. The portion of milk destined for fluid milk consumption was 50 percent in 1975, when price controls were instituted; it declined to 33 percent by 1978. Even a partial freeing of retail milk prices in April 1982, coupled with producer price increases of roughly 60 percent in 1981, helped little. Dairy producers contended that prices were still too low. Production of milk expanded slightly; that of other diary products remained steady. Sales were reportedly down by nearly one-third in 1981.

Forestry and Fishing

Brazil has one of the largest forest reserves in the world. Most stands are in the Amazon Basin and were almost wholly inaccessible until the highway building of the 1970s. Lumbering is generally viewed as one of the region's most lucrative prospects. The Amazon forest includes literally hundreds of varieties of tropical hardwoods. The South has extensive stands of softwoods, principally Paraná pine. Cultivated trees include eucalyptus, tropical pine, Gmelina (Queensland beech), and the black acacia.

Firewood and charcoal are used extensively in Brazil. Charcoal is used in industry as well as for home cooking and heating. Flue-cured tobacco places great demands on the wood reserves of the South. In the late 1970s the country lumbered between 55 to 60 million cubic meters of logs and some 155 million cubic meters of firewood annually. Charcoal production stood at approximately 2.5 million tons a year. Most charcoal and firewood came from natural stands. Cultivated and natural forests contributed about equally to lumbering.

Exports expanded in the late 1970s (see table 18, Appendix). From 1975 through 1980 the total value of exports quadrupled. Growth was particularly fast paced from 1978 through 1980, when increases in value averaged nearly 60 percent each year. Pro-

Farmer in rice field, state of Maranhão
Courtesy WORLD BANK PHOTO/Jaime Martin-Escobal

cessed and derived products enjoyed the highest growth rates; they increased their share of total value from roughly two-fifths to two-thirds during this period.

The country's forests offer numerous extractive products. Rubber, carnauba palm wax, Brazil nuts, maté, babassu palm oil, and piassava (fibers used in ropes, mats, and the like) are the main commercial products, representing some 80 percent of the value of all extractive products in 1977. Rubber production, centered in Amazonas and Acre, was 10,651 tons in 1977 and was valued at roughly Cr$156 million. The carnauba palm, native and unique to the country, grows in the Northeast. Over 90 percent of total production and value comes from Piauí, Ceará, and Rio Grande do Norte. The wax, combed from the plant's leaves, is used in the manufacture of phonograph records, paint, candles, polishing pastes, and colored waxed papers. Soap manufacture uses babassu oil; Maranhão accounts for the lion's share of production. The government designated the babassu to play a subsidiary role in the energy crop program in 1975. Maté leaves, used in a tea-like

beverage popular in southern Brazil, Argentina, Paraguay, and Uruguay, is produced in Rio Grande do Sul, Santa Catarina, and Paraná. Black acacia trees are grown commercially in Rio Grande do Sul for the tanning extract found in the bark.

The country's long coastline and extensive river systems offer a potentially rich fishing resource. In the early 1980s the fishing industry remained poorly developed, and production was geared to the domestic market. Annual exports were roughly 25,000 tons, valued at the equivalent of approximately US$100,000 in the late 1970s. The best saltwater fishing is off the coast of Rio Grande do Sul; that state exports fish to Rio and the Northeast. Although the South continued to be the largest producer by volume, the Southeast and Northeast played a significant role as well (see table 19; table 20, Appendix). Fish stocked in irrigation reservoirs provided a portion of the Northeast's catch. The giant pirarucu, found in the Amazon and other large rivers, was salted like cod and sold throughout the country.

Government Policy

Throughout the 1950s and the early 1960s, agriculture was handicapped by a variety of policies designed to encourage import substitution and industrialization. Both the overvalued exchange rate and direct controls to ensure food supplies to domestic markets affected farmers adversely. Real spending on agricultural research declined; policymakers made only ineffective efforts to stabilize farm prices. The highway system was expanded into the interior—a move that generally aided farmers. Modest sums were allocated to agricultural credit, and fertilizer use was subsidized. Agricultural exports received some preference. Overall, however, the government relied on Brazil's extensive frontier to increase agricultural production. After 1964 the military regime liberalized trade policy, eased price controls, and instituted currency exchange reforms. The moves came in the midst of rising world prices for some of Brazil's export crops, chiefly soybeans. At the same time, policies favoring manufactured exports gave rise to a number of export-oriented industries specializing in processing agricultural products.

After the 1973 oil crisis the country faced a worsening balance of payments coupled with growing inflation (see Growth and Structure of the Economy, this ch.). The combination generated mixed policy results for farmers. There was an increase in agricultural price controls in an effort to hold down the cost of living in urban areas. At the same time, policymakers continued to subsidize manufactured exports. By the early 1980s a number of trends combined to make the government increasingly aware of agriculture's importance. Poor harvests in 1978 and 1979, fears of protectionist policies against Brazilian manufactured exports on the part of the industrialized world, the spiraling external debt, and the costly oil

Farmer hauling sugarcane to market, Santa Cruz, Rio Grande do Sul
Courtesy P.A. Kluck

import bill all underscored the salience of agriculture to Brazil's continued economic growth. The regime increasingly counted on that sector to augment the domestic food supply (and thus cut inflation) and to contribute to exports (and so limit the balance of payments deficit). By the same token, policymakers hoped that the sugar alcohol program would reduce dependence on imported oil. Finally, the Second National Development Plan (1980-85) emphasized agriculture's significance in creating new jobs and alleviating poverty.

Since the mid-1960s credit has been the government's principal policy instrument in dealing with the agricultural sector. The Agricultural Credit Law 4829 (1965) was designed to help finance production and marketing costs, spur capital formation, give incentives to the adoption of improved technology, and enhance the small- to mid-sized producer's position in the marketplace. Implicitly, the legislation attempted to redress the imbalance created by the policies of the 1950s that penalized agriculture. It was an effort to compensate farmers for the price and currency controls aimed at encouraging industrialization at the expense of agriculture. The notion was that subsidized credit would indemnify farmers the price they paid for the overvalued cruzeiro and the increased costs

they faced through import substitution, i.e., buying higher priced Brazilian manufactures rather than cheaper foreign imports.

Cheap agricultural credit subsidized farmers' purchases of a variety of improved inputs; fertilizer, tractors, and improved seeds were the most prominent. All of these were the subject of import-substitution policies in the 1960s and 1970s, so agricultural credit has helped farmers absorb the higher cost of domestically produced products. Fertilizer was a partial exception; although domestic prices have been higher than the world market, domestic prices have generally lagged behind the prices farmers received for their crops, and fertilizer became relatively cheaper. In the mid-1970s, however, fertilizer prices rose significantly, and the government responded with a 40 percent subsidy. The number of tractors and the use of fertilizer grew sharply in the 1960s and 1970s. The stock of tractors increased 11 percent annually (1960-77), and fertilizer use, roughly 20 percent (1965-79). Farmers' use of improved seeds has been limited to a few crops, mainly soybeans, wheat, and cotton, followed by lesser amounts of rice and corn.

Nominal interest rates for agricultural loans were lower than those of other forms of credit. In the 1970s, especially, they ran well below the rate of inflation, and farmers enjoyed negative real rates of interest. Small loans, in theory targeted to small farmers, ran 1 to 2 percent less than the rates for large loans. A variety of incentives and controls encouraged the flow of credit to the agricultural sector despite the low interest rates. A certain percentage of commercial banks' sight deposits was earmarked for agriculture. A substantial portion came from federal budgetary transfers. The Bank of Brazil was slated for Cr$1.7 trillion in credits, the Central Bank for another Cr$200 billion, and commercial banks for Cr$600 billion (see Banking and Monetary Policy, this ch.).

The supply of credit to farmers grew dramatically in the 1970s (see table 21, Appendix). Credit expanded some fivefold, while agricultural production grew roughly two and one-half times. In 1975, a peak year, credit was greater than the net value of agricultural production. Loans dropped slightly in real terms in 1977—a combination of high inflation and monetary policies limiting the supply of money. Livestock credit took most of the loss. Credit rose again in 1978: livestock producers recouped their losses while crop producers suffered. In 1979 the regime exempted production credit from restriction. Nonetheless, inflation continued to take a substantial bite out of farmers' credit cruzeiros. In 1981 credit in real terms was scarcely more than two-thirds its 1975 value. In 1982 the government allocated Cr$2.5 trillion, an increase of more than 60 percent over the nominal value of 1981 agricultural loans. Most observers, however, anticipated a decline in real value once inflation's toll was tallied.

Interest rates for agricultural credit were set well below market

rates. In 1979, a year in which the inflation rate was in excess of 75 percent, production loans cost farmers 13 to 15 percent; investment loans, 13 to 21 percent; and the much used storage loans, 15 to 18 percent. Beginning in 1980 the government made sporadic attempts to bring the cost of agricultural credit more in line with the market. There was a halfhearted effort at indexing that brought the nominal rate on some loans to 36 percent when the annual inflation rate was around 100 percent. The regime eventually dropped indexing in favor of a general rise in nominal interest rates and a series of changes in the amount of financing available to individual producers. On the 1982 crop the nominal interest rates were in the range of 35 percent in the Northeast and North and 45 percent in the rest of the country. Large producers were able to finance up to half their production costs (down from 60 percent), and medium producers could underwrite up to 70 percent of their costs (a decline from 80 percent). Small farmers continued to be eligible for 100-percent financing.

In late 1982 there were limited national data indicating which farms get these bargain loans. A study in the early 1970s by the United States Agency for International Development (AID) found that small producers were disadvantaged in the grab for credit. It was not only a matter of their relatively deprived position in the rural economy but also the credit program's unwieldy administration. High overhead costs encouraged large loans if only to cut processing expenses. Policymakers revamped the program in an effort to reach more small farmers. Nonetheless, the distribution of credit by size of loan in the mid-1970s still revealed a significant measure of concentration. Loans of the equivalent of US$25,000 or more (some 4 percent of loan contracts) represented more than 50 percent of all credit. Those of less than one-tenth that amount—nearly three-quarters of all contracts—received 11 percent of credit. A 1977 survey of credit use in São Paulo underscored the concentration in credit resources. Forty percent of all farms, those of less than 20 hectares, received roughly one-third of all loans but less than 10 percent of credit. Farms of 200 hectares or more (8 percent of all farms) commanded nearly 40 percent of agricultural credit.

In view of the minimal real cost of credit, a surprising percentage of farms of all sizes forgo the bargain. The São Paulo study found less than one-third of all farms surveyed used any credit. The finding is amazing in that São Paulo uses credit more intensively than virtually any other state. Small- to mid-sized farmers were the most committed credit users on a per hectare basis; they accounted for 15 percent of farm area and 28 percent of agricultural credit. Overall, farms of that size used more than five times the credit per hectare of their counterparts of 200 hectares or more.

Between 1975 and 1979 some 80 percent of agricultural credit went to six crops: soybeans, wheat, rice, corn, coffee, and sugarcane.

Soybeans alone received 20 percent. There were noteworthy imbalances in the ratio of credit to agricultural output. In 1977, for example, wheat received 11 percent of credit and contributed 3 percent of gross agricultural output; rice garnered 16 percent of credit and produced half that percentage of gross output. In general the credit system has favored grains and export crops to the detriment of basic foodstuffs. Black beans received some 3 percent of credit, but its portion of gross output was double that percentage. Manioc, accounting for a scant 1 percent of credit, represented 11 percent of gross production.

Credit use was strongly oriented to the South and the Southeast The South, with 23 percent of the nation's farms and some 14 percent of its agricultural land, received roughly two-fifths of credit in the late 1970s. São Paulo alone received 23 percent of all credit. The Northeast, having nearly half of all farms and one-quarter of the farmland, obtained less than 15 percent. On a per hectare basis the regional disparities were even more marked. The South's credit per hectare was nearly three times that of the Northeast. São Paulo outdistanced the Northeast by more than 400 percent.

The minimum-price program is the government's major price interventionist strategy. Congressional Law Number 1506 (1951) laid out the basic provisions, but the program has since undergone a variety of political and administrative transformations. The programs's intent was to reduce the price uncertainty that farmers face in making production decisions. Through its minimum-price supports, the government tried to smooth out price variation throughout the crop year for producer and consumer alike. In addition, the government hoped that minimum prices would stimulate increased production.

Minimum prices functioned in two ways: the government could either buy crops directly through the Federal Government Acquisition program (Aquisição do Governo Federal—AGF) or use a system of federal loans against crops by Federal Government Loan (Empréstimo do Governo Federal—EGF). Direct purchases and payments (the AGF side of the program) were made locally through agents of the Bank of Brazil and agents of the federal government. The government then held the stocks as a buffer to be sold at a more propitious time. AGF purchases were the smaller portion of the program; throughout the 1970s they represented about 10 percent of the value of the EGF loans. AGF was a significant component of the minimum-price program in the North and Northeast in the early 1970s, but by the mid-decade the Center-West and South accounted for more than half of all direct purchases. Rice, corn, and sisal (in that order) were the main crops the government bought.

EGF loans included two main varieties: with or without an option to sell to the government. In the case of loans with an

option to sell to the government, the farmer received 100 percent of the crop's minimum price for a stipulated period. If the price exceeded the minimum, the individual sold on the open market; if not, the farmer simply did not repay the loan, and the stocks reverted to the government. The great advantage of these loans from the farmer's viewpoint was that they did not carry storage fees or interest. In the late 1970s the government made a number of changes to bring more small farmers into the loan program. "Pre-EGF" loans were designed to give the smallholder short-term credit immediately before and after harvest and so tide the farmer over for the period between delivery to a storage facility, classification, and payment. A substantial portion of "pre-EGF" funding was targeted for the Northeast.

The EGF loans enjoyed tremendous expansion in the 1970s, as did credit. Even with the contraction in real spending after 1977, the real value of the loans grew at an average annual rate of approximately 30 percent. The most spectacular growth occurred at mid-decade; the real value more than doubled each of two consecutive crop seasons (1972-73 through 1974-75). Continued efforts to channel funds to the Northeast had only limited success. The Center-West and South received nearly 90 percent of EGF credit over the decade. Overall, the program tended to intensify regional and crop disparities, much as agricultural credit had. Roughly half the allocation went to producers and cooperatives, the other half to processors and distributors, who were eligible only if they could demonstrate that they had paid farmers at least the minimum price for farm commodities. In the Center-West and South producers predominated, while in the North and Northeast processors did. Soybeans and cotton accounted for 57 percent of total funds; corn and rice supplied another 33 percent.

EFG interest rates, like those of the credit program, were heavily subsidized. Government attempts to control expenditures in this field followed the pattern set by credit. There were cutbacks in the late 1970s. In 1981 rates were raised to roughly 45 percent for producers and cooperatives and to 50 percent for processors. Eligibility for these loans was cut to 60 to 70 percent of the previous year's financing for most crops.

A shortage of storage facilities and late announcement of minimum prices during an agricultural year have impeded the program's impact on farmers' production decisions. For much of the 1970s there were sizable annual price fluctuations for specific crops, which hampered any long-term specialization or production strategy on the part of farmers. Minimum prices rose with most agricultural market prices during the early 1970s. For the rest of the decade real minimum prices declined in the face of steep inflation. It was the storage credit that EGF loans provided, rather than the price supports themselves, that drew farmers to the program. In 1980-81 minimum prices increased significantly;

black beans, corn, and manioc registered some of the largest gains. In 1981-82 minimum prices—renamed *basic prices*—were indexed in an effort to make price supports more responsive to inflationary trends.

There was a variety of other programs affecting prices and supplies of agricultural products. The government maintained a complex network of price controls at the farm level as well as at the wholesale and the retail levels. It paid the cost for its own stockpiles and distribution system for a number of commodities in order to curb urban price increases and ensure a reasonably secure (short-term) supply of foodstuffs to urban areas. There have been efforts to increase storage capacity.

Coffee growers have long had access to special price supports, credit, and storage facilities. In the early 1980s the government continued to play an extensive role in the marketing of wheat, and self-sufficiency in wheat production remained a high government priority. The government was the sole purchaser of the grain, served as the only supplier to mills, and established the retail price. Policies subsidized producers, millers, and consumers alike. After the early 1970s, however, most of the subsidy had been in favor of consumers. The level of farmers' subsidy remained constant, whereas that of the consumer soared—a reflection of official efforts to shelter city dwellers from rising world prices for wheat. Retail prices for fluid milk were fixed; this policy's main impact seemed to have been to divert milk supplies into processed dairy products (see Livestock, this ch.). The maximum retail price of beef was controlled. Beginning in 1975 the government initiated a program to freeze beef for sale in the off-season.

The Land Reform Statute of 1964 was one of the military regime's earliest laws. Land reform had been a vital topic during the waning days of João Goulart's presidency (see The Presidency of João Goulart, ch. 1). Political efforts to draft land reform legislation were hamstrung by the 1946 constitution which, although it empowered the state to redistribute private property for the commonweal, did so only with full cash payment before expropriation. The military chose to attack the problem of land reform through the progressive taxation of unproductively used land.

The core of the Land Reform Statute is a complex land classification scheme whereby each farm is rated according to its productive capacity. The basis of the scheme is identified as the module (since 1979 the fiscal module). The module measures the amount of land in a given municipality necessary to support four adults while generating a slight surplus for "social and economic progress." Based on the number of modules a farm represents, it is classified as a *minifundio*, a rural enterprise, or a *latifundio*. A *minifundio* is a farm having less than one module. A rural enterprise is a holding that meets the government's standards of productivity in land use, economic efficiency, yields, and employment. A *latifundio* is any

farm larger than a module that fails to qualify as a rural enterprise, or a holding of 600 or more modules. *Latifundios* are taxed at a higher rate and (ultimately) threatened with expropriation. Family farms of less than 25 hectares are exempt from taxes; land sales among those of less than one module are, in theory, regulated in an effort to limit further land fragmentation.

A number of circumstances have limited the statute's impact. The value of unimproved land is based on the owner's assessment. Throughout the 1960s and 1970s underreporting was frequent, and audits were virtually nonexistent. For much of the period delinquent tax payments were not readjusted to reflect inflation. Overall, tax rates were hardly such that landowners were deterred from keeping land that they were not using productively.

In late 1979 the regime changed the tax structure, exempting many more farms from any tax liability and making tax rates much more progressive. The new basic tax rate increased rapidly for farms failing to meet minimum levels of efficiency. It doubled the first year a farm fell below the minimum, tripled the second year, and quadrupled the third and following years.

A landholder could still avoid the steeply rising tax rates by filing a plan for land use development with INCRA. The impact of the 1979 change depended on the extent to which the agency's limited resources permitted adequate policing. Procedures to cross-check land tax records with income tax returns and loan applications could—if applied rigorously—cut down on underreporting. Although higher and more progressive than previous measures, the new land tax still did not tax owners at a rate that would deter individuals from speculating in land as a hedge against inflation.

Agricultural Exports

In the early 1980s Brazil was the third largest exporter of agricultural products in the world; it ranked first in coffee and frozen orange juice concentrate, second in cocoa and soybeans, and fourth in sugar and unmanufactured tobacco. Agricultural exports remained a major source of foreign exchange earnings, despite a decline in their overall portion of exports. In the 1970s they continued to represent some 40 to 50 percent of total export sales. Historically, agricultural exports had been the country's sole source of income and growth. Brazil's economic history was, to a large extent, the history of sugar, cotton, tobacco, cocoa, rubber, and coffee. Although the 1970s saw a significant diversification in exports, the government still relied on agriculture to produce foreign exchange to help meet the balance of payments crisis. The importance of agricultural exports was underscored in the early 1980s in the midst of fears that Brazilian industrial goods might meet increasing protectionist barriers on the part of its trading partners.

From 1964 through 1968 agricultural exports accounted for some 85 percent of all exports; in 1981 they were scarcely more than 40 percent. During the same period there was a steep rise in the value and volume of semiprocessed and manufactured agricultural products relative to raw agricultural commodities. Between 1964 and 1978 unprocessed commodities declined from some 73 percent of exports to less than 30 percent; at the same time semiprocessed goods rose from 9 to 15 percent, and manufactured agricultural products skyrocketed from roughly 3 to 14 percent. The relationship held for volume and value alike. The average annual growth rate for semiprocessed and manufactured agricultural exports was more than double that of raw products. The rate of change was greatest from 1968 through 1973, but the trends continued throughout the decade.

At the same time, there was a general diversification in the agricultural products exported. From 1964 through 1968 two crops accounted for fully half of all agricultural exports, 11 did so by the late 1970s. Soybeans enjoyed a meteoric rise in both domestic consumption and export. Introduced in the early 1960s, by 1977 soybeans accounted for 18 percent of total export earnings and fully one-quarter of agricultural export earnings. Brazil's share in the world soybean market grew dramatically; when the United States placed a temporary embargo on soybean exports in 1973, Brazil stepped into the void. Brazilian soybeans represented 3 percent of the world market in 1970, but by 1975 they were 75 percent of all world trade in that crop. After that year whole bean exports dropped relative to soybean meal and oil; in 1978 Brazil accounted for nearly half the meal and one-third of the oil in world trade. Soybeans particularly benefited from government policies favoring semiprocessed and manufactured exports.

The transformation in agricultural exports was linked to the government's efforts to encourage domestic manufacturers. Policies taxed raw crops; there were a variety of restrictive export policies that aimed at ensuring raw materials for local industries and agro-industries. And whereas unprocessed commodities were taxed, semiprocessed and manufactured agricultural goods received a net subsidy. The government's thinking was that the markets for semiprocessed and manufactured goods were less mercurial than those for the raw products that Brazil had traditionally relied on. Some economists questioned whether the effort was worth the loss in export earnings (at least in the short term) from raw crops when their prices were high. In the early 1980s the earnings of soybean and cocoa (semiprocessed and manufactured) products ran behind those the raw products offered in the late 1970s. Similarly, Brazil's savings from oil imports through the alcohol and gasohol produced from sugar in 1980 were less than might have been earned from sugar exports. This does not take into account the impact an exporter of Brazil's volume might have had on world prices. Econo-

mists also questioned whether the processing and manufacturing industries that relied on government subsidies were efficient; in the late 1970s there was evidence of significant idle capacity in cocoa and soybean processing plants.

Agricultural export earnings in the early 1980s were up from a late 1970s plateau. In 1980 Brazil earned the equivalent of roughly US$9.4 billion from agricultural exports, a nominal rise of nearly 30 percent from the previous year's earnings. In 1981 agricultural earnings held steady at virtually the same level. The general rise masked considerable variation in the markets that different crops enjoyed. Traditional export commodities—coffee, cocoa, and sugar— faced lower world prices; earnings dropped by roughly one-third between 1980 and 1981. These crops' portion of agricultural export value declined from half to some 36 percent (see table 22, Appendix).

Soybeans (including processed soybean products), frozen orange juice concentrate, and meat and poultry products took up most of the slack. Soybean exports were up 32 percent; at 13 percent of total exports—roughly one-third of agricultural exports—they were the single largest export commodity. The steepest rise was in refined soybean oil. From 1979 through 1981 earnings from that product expanded an astronomical 21 times. Between 1980 and 1981 the export value of refined soybean oil grew by nearly 650 percent. Meat products' contribution to export earnings grew by some 60 percent and frozen orange juice concentrate by 95 percent. At least part of the strong performance by processsed agricultural products reflected the impact of incentives favoring them over raw commodities. The government was, as well, aggressively seeking export markets in an effort to meet the bill for oil imports and a worsening debt repayment schedule.

Projections in early 1982 for the rest of the year called for an increase of roughly the equivalent of US$1.5 billion. Brazil was counting on a rise in sales of frozen orange juice concentrate (because of a January 1982 freeze in Florida) and better international coffee prices (because of a reduction in Brazil's crop) to offset anticipated lower prices for soybeans, sugar, and cocoa. In addition, broilers and other meat products, maintaining a trend of recent years, were expected to earn well, although there was fear that poultry prices might decline.

Banking and Monetary Policy

Brazil's financial system expanded and broadened with the rapid growth of the economy after 1920; through its effective mobilization of domestic and foreign resources, it contributed to the rapid growth. The economy's protracted and substantial inflation, however, led some observers to hypothesize that price instability favored the high rates of economic growth. Chronic inflation was endemic. Domestic prices rose continuously after 1933. Since 1950 the annual rate of inflation has ranged between a low of 11 percent in 1952 and 110

percent in 1980. Inflation was relatively moderate, averaging 17 percent a year until 1958, after which it began to soar, fueled in part by large public sector deficits arising mainly from transportation subsidies. Reforms in the period 1964-67 obviously did not correct the problems. Some economists contended that the changes, which created a highly unusual financial system, were a fundamental cause of the inflation raging in the early 1980s.

Banking

The banking system of the early 1980s dated from the reforms introduced shortly after the military coup of 1964. In December 1964 the National Monetary Council (Conselho Monetário Nacional—CMN) was established to formulate the country's credit, monetary, and foreign exchange policies, replacing an earlier policy body. The CMN was headed by the minister of finance, and its members initially were other economic ministers and the heads of major government banks. By the early 1980s the council had been enlarged to 21 members, including more than one-third from the private sector. The CMN issued annual monetary budgets setting forth changes in major money variables expected in the coming year.

The same law that established the CMN also created the Central Bank of Brazil, which assumed functions previously spread between the Bank of Brazil and other government financial agencies. The Central Bank was governed by a board of directors appointed by CMN. The powers of the Central Bank included issuance of currency as authorized by CMN; control of money; acceptance of deposits from banks, both required and voluntary; rediscounting; control of credit; control of foreign capital; and purchase and sale of securities issued by itself, the federal government, and federal enterprises. It also supervised other banks and administered several Special Funds created by the federal government. The Central Bank was under the Ministry of Finance, and its president was a member of CMN. Its independence was restricted.

The Bank of Brazil, created in 1808, was the country's largest bank, and by some measures it was the largest commercial bank in the world. In the early 1980s the federal government owned 75 percent of its shares; other investors, including private concerns, owned the remainder. Its shares were actively traded on the stock exchange. It had an extensive branch network in Brazil and abroad. The Bank of Brazil functioned partly as a commercial bank, accepting deposits from and making loans to the public, and as the financial agent of the national treasury, it received tax receipts. It made payments and transfers under the federal budget, paid the public debt, enforced minimum prices for farm products, provided the bulk of rural credit, carried out foreign exchange and trade controls, served as a check clearinghouse, received deposits of government agencies, and held voluntary reserves of the commercial banking system. The bank also administered some of the Special Funds.

The law establishing the Central Bank did not clearly define the relative autonomy and limits of action between it and the Bank of Brazil. In addition, the latter was designated executive agent for the Central Bank. A special account was established between them that became a means of transferring Central Bank funds on a large scale to the Bank of Brazil for lending through government programs. In effect there was a sharing of monetary authority between the two banks. The Central Bank lacked the independence to control many variables granted many central banks.

The source of funds for the Central Bank and the Bank of Brazil was large and varied. Deposits of other banks, compulsory and voluntary, were kept with them. Until 1980 proceeds of the sale of new federal debt, which was growing although the federal budget showed a surplus after 1972, accrued to the two banks and not to the treasury. In addition, funds were received from the treasury as transfers and from proceeds and taxes collected for the many Special Funds created under various government programs. In 1979 there were more than 200 Special Funds of varying importance. The Bank of Brazil also held deposits of the public as part of its commercial banking, but the importance of these deposits declined as a source of funds in the 1970s.

The National Economic and Social Development Bank (Banco Nacional do Desenvolvimento Econômico e Social—BNDES) was the primary source of long-term industrial financing. It was created in 1952 (as the BNDE) as an autonomous federal bank to encourage domestic manufacturing, especially heavy industry and projects in the North and Northeast. In 1967 it became a mixed corporation with private investors. Loans and equity investments went to both the public and the private sectors. In 1978 the bank had four almost completely owned subsidiaries and worked through 51 other development and investment banks acting as agents. Sources of funds included certain earmarked tax receipts, the resources of one of the Special Funds, allocations from the federal budget, and borrowing through the issuance of bonds, some of which were sold in foreign countries.

Between 1964 and 1966 a system to finance housing was established. It consisted of a bank to act as central bank for the system, the federal savings bank, five state savings banks, and a number of credit societies and private savings and loan associations. The system's main source of funds included the proceeds of an important Special Fund as well as savings deposits of numerous individuals. In 1978 the number of dwellings financed by the system totalled 340,000 and accounted for 22 percent of all loans to the private sector. The system produced net savings that were channeled to the Central Bank and the Bank of Brazil for lending through the purchase of government securities.

There were a large number of additional banks, including a few federal (largely regional), several state, and many private. State banks engaged in commercial, investment, and/or development banking. Private financial institutions were specialized, usually con-

ducting commercial banking, investment banking (largely working capital), finance companies (for consumer durables), and insurance companies. A number of foreign banks conducted commercial operations in the country.

The number of commercial banks and branches proliferated in the 1950s and 1960s. Policies in the 1970s favored consolidation, and the number of commercial banks, both public and private, shrank through mergers and otherwise. A conglomeration process also occurred in which large financial companies often included a commercial and an investment bank, a finance company, an insurance business, a foreign trade company, and institutions to channel investments into projects where there were incentives, such as in the Amazon and the Northeast. Ties between financial and industrial conglomerates developed. The concentration in the 1970s suggested to some observers a decline in competitiveness in financial activities and perhaps some misallocation of scarce resources.

Another important measure initiated after the military coup was monetary correction or indexing. Indexed treasury bonds were introduced, the values of which were periodically adjusted for changes in wholesale prices, to restore confidence in the atrophied capital markets and to permit funding of fiscal deficits without expanding the money supply. Monetary correction was applied to taxes in order to halt the benefit of late tax payments in an inflationary situation and to avoid the tax increase arising from the escalation of prices. Monetary correction spread to numerous additional elements, such as wages, savings accounts, and some loans.

The theory of indexing was to provide a complete, automatic, and objective adjustment of the values of approved assets for past inflation. In practice, the indexing formula became subject to manipulation for policy purposes. The periodicity of adjustment was altered for different conditions and goals. The formula was changed to include official projections of future inflation. Officials made other changes. Between 1972 and 1978 indexed treasury bonds lost 17 percent of their value because of the formulas used. In 1978 monetary correction understated inflation by 6 percent. In 1980 the authorities announced that monetary correction would amount to only 45 percent regardless of the rate of inflation, which turned out to be 110 percent. The preannounced limits on monetary correction were dropped in 1981 after the failure of the previous year. The changes in indexing have had uneven impacts over time on various economic activities.

Between 1966 and 1970 three compulsory savings funds were established. Their intent varied, but in general they forced savings from which employees could draw for various purposes. In a sense they provided supplemental benefits in case of unemployment, sickness and, particularly, retirement. The funding varied considerably but usually consisted of payments by employers based on payroll, sales, and other formulas. The federal housing bank, the federal savings bank, and the Bank of Brazil each administered one of the

funds. The funds were charged with dual responsibilities—to the worker owning the account and to national development—an apparent conflict. These funds grew substantially during the 1970s, in 1978 amounting to nearly one-fifth of the country's total financial assets and one-tenth of GDP. The accounts in the funds were indexed and earned low fixed interest.

Passbook savings accounts, limited to individuals, were an important source of investable funds. These accounts were indexed and earned 6 percent a year. A very large number of families held such accounts. About 70 percent of the accounts were in federal or state savings banks, and 30 percent were held in private savings and loan institutions that were part of the housing finance system.

The reforms since 1964 have had the effect, perhaps unintended, of increasing the importance of the public sector in the financial system while reducing the funds available for lending at market rates by both private and public sector banks. At the beginning of 1979 outstanding loans to the private sector were Cr$2.1 trillion (approximately US$100 billion). Direct lending by the Central Bank, the Bank of Brazil, and the housing finance systems—the first-stage institutions—amounted to 30 percent, and they provided an additional 21 percent to other institutions for further lending, thus accounting for 51 percent of the funds for loans to the private sector and 44 percent of the funds lent by other institutions. Virtually all long-term lending, except for housing by private savings and loan institutions, was controlled by the first-stage public banks.

The government has long used credit incentives to promote economic activity in certain sectors and geographical areas. After 1964 many credit incentives were added, and the responsibilities of specific banks further narrowed the distribution of credit. By the late 1970s nearly all of the direct and indirect lending by first-stage institutions was directed toward specific sectors and purposes, including 95 percent of their lending to commercial banks. Most of the direct lending was at nominal interest rates that amounted to a subsidy. The first-stage institutions provided the major source for credit subsidies. In the late 1970s commercial banks had to earmark 27 percent of demand deposits for loans at subsidized rates to agriculture and small- and medium-scale industries.

The reforms and other measures produced a handicapped financial system for the efficient mobilization of scarce financial resources and for effective control of money variables. The Central Bank and the Bank of Brazil became the major sources of funds that were lent under selective credit programs and often at subsidized rates. In effect, commercial banks largely became retailers of funds from first-stage institutions. A major segmentation of financial markets occurred. A declining portion of funds was available for lending at interest rates set in an open market. The interest rates set in the open market increased, making borrowing more costly to the few that had to rely on this kind of credit and adding to the inflow of foreign funds,

which increased the foreign debt. As inflation increased, it became more imperative for business to obtain subsidized loans. The use of subsidized loans increased, fueling inflation. The subsidies were financed primarily by the Central Bank and the Bank of Brazil through the monetary budget rather than appearing as a fiscal or budget deficit, which would be the case in most countries. These two institutions had conflicts of responsibilities in their sharing of monetary authority. Their responsibility for control of credit clashed with their responsibilities to provide open-ended credit for several programs.

In the 1970s subsidized credit went largely to agriculture, which was given increasing priority after the first oil crisis, and to a lesser extent to manufactured exports and industry. Rural credit, the bulk provided by the Bank of Brazil, increased 4.5 times between 1969 and 1976 while agricultural production approximately doubled (see Government Policy, this ch.). In the years 1975-77 agricultural credit amounted to approximately the value of agricultural output. Some critics contended that one-fifth to one-third of agricultural credit was diverted to other uses. The subsidy in the interest rate was large; rates averaged a negative 40 percent in 1978. The subsidy increased with the rise of inflation in 1979 and 1980. By 1979 the total subsidy involved in credit to agriculture and other sectors was estimated at about 10 percent of GDP.

Policies

After 1974 and particularly after 1976, the monetary authorities applied a contractionary money policy to restrain aggregate demand. Limiting monetary growth proved exceedingly difficult. Conventional tools restricted commercial credit. Between 1974 and 1978 compulsory reserve requirements increased from 15 percent to 32 percent of demand deposits. At the end of 1978 only 40 percent of demand deposits in commercial banks were available for unrestricted lending. Officials attempted to sterilize the expanding money base caused by capital inflows and increasing subsidized credit. The effect, however, was to limit the funds for unrestricted lending and to raise market interest rates, sucking in additional foreign capital.

Control of credit creation by federal financial institutions proved elusive. The Bank of Brazil was the largest source of credit expansion, largely resulting from extension of subsidized rural credit but also including loans to industry and to stimulate exports. As the rate of inflation increased after 1973, the value of repayments shrank, requiring increasing credit just to maintain the real level of lending programs. The subsidy in nominal interest rates of official lending also increased with inflation.

In 1979 a change of strategy was announced to combat rising inflation, which amounted to 43 percent in 1978. A temporary freeze was placed on retail prices, the liquidity of the commercial banking system was decreased sharply (thereby raising market interest rates), and restrictions were imposed on the inflow of foreign funds. Lend-

ing by the Bank of Brazil to agriculture increased, partly because all limits on production credits were removed. A small increase was made in the subsidized interest rates for agriculture. In August wage adjustments were changed from annual to twice yearly, based on a new consumer price index (INPC) computed by the government statistical agency. Adjustments were above the rate of inflation for low-wage workers and less for higher paid employees. In September ceilings were placed on commercial interest rates, which reduced real returns. The shift of the public away from savings and holding financial assets accelerated; they turned toward real property, consumption, and hoarding of goods. Commercial credit was rationed by banks, not by cost; big firms with financial ties appeared to be favored. Conditions deteriorated, and inflation for 1979 was 80 percent.

In December 1979 a sweeping package of economic measures was announced, which came to be called the "Christmas package." The objective was to encourage capital inflows to the private sector and to rationalize trade and interest rate policies. The cruzeiro was devalued by 30 percent to make up for a lag in mini-devaluations. Interest rates on official lending became subject to partial indexing, increasing borrowing costs, and reducing implicit subsidies. Controls on foreign capital were removed.

For 1980 the monetary budget projected monetary expansion at 50 percent, close to the inflation target of 45 percent. Officials pledged to control credit expansion. Important institutional changes were made. The voluntary reserves of commercial banks deposited with the Bank of Brazil were transferred to the Central Bank, significantly reducing the former's resources for autonomous lending. Agricultural lending still had no limit, but excess lending to agriculture had to be compensated by lower lending to other sectors to maintain overall credit targets. The shift of reserves provided the Central Bank direct control over credit expansion by private banks. Banks were required to report activities weekly to the Central Bank to permit it to make timely adjustments in the money supply.

In January 1980 the government announced that monetary correction would be limited to 45 percent and devaluations to 40 percent regardless of the amount of inflation, which was rising monthly. The intent was to break inflationary expectations. A consequence was to undo the attempt to adjust interest rates upward for administered credit programs. The unlinking of these rates to changing prices again made them nominal rates. The limits on monetary and exchange corrections appeared to stimulate rather than dampen demand, partly the result of the continuing shift by individuals and institutions away from financial assets toward real property and consumption. Inflation rose to 110 percent in 1980.

In late 1980 and early 1981 the government reversed many of the policies of the previous two years. Full monetary and exchange

corrections were restored for 1981. Interest rates on commercial loans were freed. Working capital loan rose to 150 percent a year at one point but eased back to about 125 percent. A restrictive monetary policy slowed credit expansion. Some progress was made toward consolidating the monetary and fiscal budgets, and the public sector deficit was reduced to 6.2 of GDP compared with 9.1 percent in 1980. The reduction was mainly achieved by cuts in direct and indirect subsidies in the monetary budget and less spending by public sector enterprises. The country dropped into a severe recession, and inflation fell to 95 percent in 1981.

By 1982 some of the expansionary bias in the financial system had been removed. Policymakers had more currrent information and control of fiscal and financial institutions. It was not clear whether enough changes had been made to cure the country's chronic inflation, however. The Bank of Brazil still retained access to Central Bank resources through its special account. Authorities continued to focus on outstanding credit balances rather than interest rates in administrative credit programs, the latter causing greater subsidization in periods of growing inflation. The Central Bank did not appear to have the independence that some economists believed necessary before inflation could be controlled.

Foreign Trade

Throughout the country's long history of development, foreign trade has played a critical role. In 1981 exports amounted to only 8 percent of GDP, and imports just slightly less. The large domestic market and the variety of economic activities dwarfed those associated with foreign trade. Nonetheless, the goods imported were almost all essential to the functioning of the economy. Exports were imperative to continue payments on foreign loans needed to further economic development. The low ratio of foreign trade to national output belied its pivotal position. The population and its prosperity remained as critically linked to world markets in the 1980s as the 1580s. Economic development and diversity had not eliminated dependence on the rest of the world.

Officials recognized foreign trade's key role. More mechanisms existed to influence the flow of international goods and payments than were applied in other sectors. High tariffs and numerous additional barriers, including federal trading companies and banking regulations requiring prepayment of deposits for imports, controlled the influx of foreign goods. Controls changed frequently. After 1974 the general policy was to restrict imports as the balance of payments constraint became more severe, although liberal treatment was accorded priority imports. Exports were encouraged under a variety of programs with a multitude of acronyms. The extensive export incentives caused significant revenue losses to the budget and to the added burden of subsidized credit in the financial system.

The December 1979 Christmas package had devalued the cruzeiro by about 30 percent to reduce its overvaluation. To prevent windfall profits to producers, an ad valorem tax of up to 15 percent was levied on basic agricultural exports, such as coffee and soybean products. Soybean exporters resisted by withholding their products, and the tax was withdrawn by mid-1980. The Christmas package eliminated most tax subsidies for manufactured exports and prior deposits for imports. The "law of similars," which protected domestic products from similar imported ones, was abolished. Other measures were included. The package had been drafted for gradual implementation but was introduced quickly because of deterioration in the balance of payments caused in part by oil price increases. The overall intent of the package was to liberalize the foreign trade regime somewhat and to return to the more outward orientation of the economy of the early 1970s.

In the early 1980s officials announced a 40 percent ceiling on exchange-rate devaluation during the year regardless of the amount of inflation. The monetary correction for inflation was also divorced from actual price movements (see Policies, this ch.). The ceiling on exchange rate adjustment was necessary to sustain the required capital inflow after the maxi-devaluation, but because inflation was 110 percent compared with the exchange adjustment of 40 percent, the currency became overvalued, thereby hurting exports. In 1981 officials returned to full adjustment of the exchange rate to inflation through mini-devaluations. Some export subsidies were restored, particularly those that committed industries to long-term export goals (especially the automobile and other consumer durable industries). Also in 1981 export financing was exempted from credit limits, subsidized credits for export production were made available, and controls over imports were tightened.

Imports

In 1981 imports amounted to US$22.1 billion. Fuel, essentially crude oil but including some coal, cost US$11 billion, almost half of total imports. Imports of intermediate materials other than fuels amounted to US$5.7 billion; capital equipment and materials, US$4 billion; and consumer and miscellaneous goods, US$1.4 billion. In 1980 imports were US$23 billion and in 1979 were US$18.1 billion. In the latter year, imports of consumer goods were primarily wheat and cooking oils and fats; imports of intermediate materials were largely chemicals, metals, and a variety of other products, including fertilizers and plastics; capital goods imports were essentially machinery because the bulk of transportation equipment was produced domestically (see table 23, Appendix). In 1980 petroleum imports amounted to US10.2 billion, compared with US$4.5 billion in 1978.

The source of imports was strongly influenced by oil purchases. In 1980 Iraq ranked second (US$2.8 billion) as the source of total

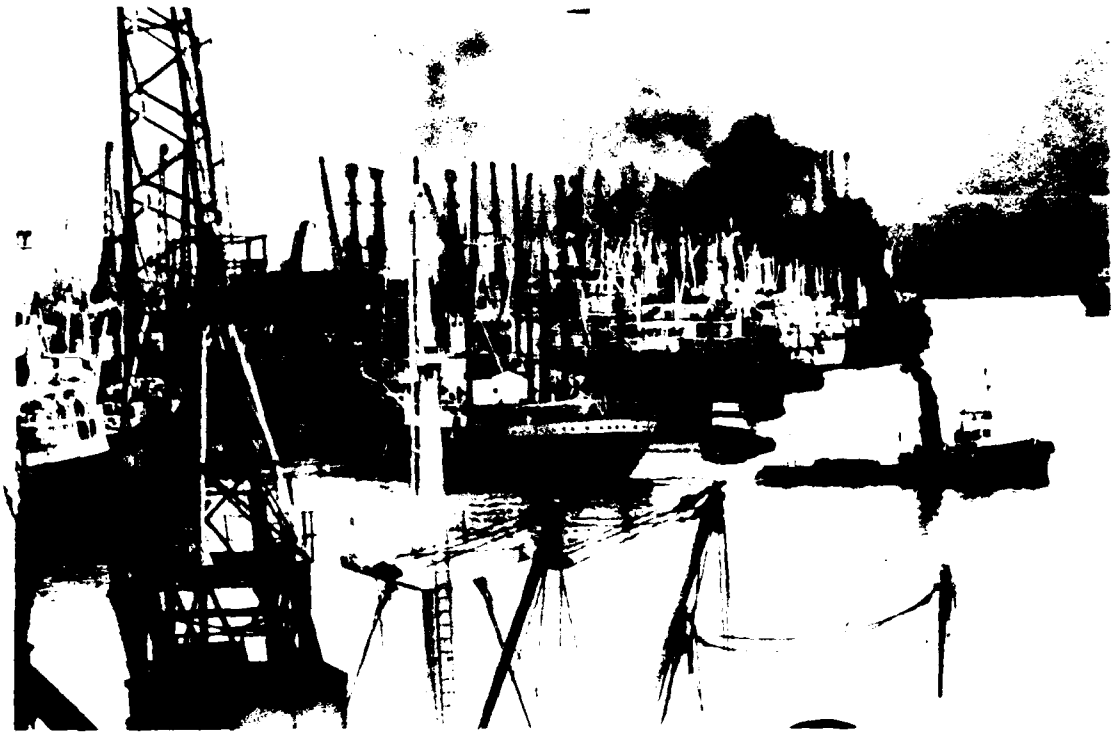
imports, Saudi Arabia third (US$2.1 billion), Kuwait seventh (US$776 million), Iran ninth (US$734 million), and Venezuela eleventh (US$570 million). The war between Iraq and Iran forced Brazil to scurry for a variety of sources of crude oil in 1981 and 1982. The United States has long been Brazil's major source of imports, accounting for 18 percent in 1980 (US$4.1 billion). Other major sources of imports in 1980 were West Germany (US$1.6 billion), Japan (US$1.1 billion), Canada (US$814 million), Argentina (US$757 million), and France (US$665 million).

Exports

In the 1970s the need to expand exports became even greater in order to pay for oil price increases and the growing debt service. Exports rose from US$2.7 billion in 1970 to US$23.3 billion in 1981, an average increase of over 21 percent a year. Even in the recession year of 1981 exports increased by nearly 16 percent compared with 32 percent in 1980. Most of the expansion during the 1970s came in manufactured goods, which rose from US$366 million in 1970 to US$6.1 billion in 1979 (an increase of nearly 37 percent a year).

In 1979 exports of agricultural products were 40 percent of the total, manufactured goods slightly over 40 percent, minerals 9 percent, and semiprocessed and miscellaneous items accounted for the remainder. Some classifications placed manufactured exports above 50 percent because of the processing of various agricultural and mineral products. Coffee, including beans and instant, remained the country's largest export, accounting for 15 percent of total exports compared with over 73 percent in the 1950s. Soybeans, including meal and oil, were the other major agricultural export (see table 24, Appendix). Iron ore and pellets accounted for most of the mineral exports. Exports of manufactured goods included a wide range of products, of which automobiles and trucks were the most important. In 1980 exports of military equipment exceeded US$1 billion and were projected to reach US$2 billion in 1983 (see Defense Industry, ch. 5). By the late 1970s Brazilian construction firms were engaged in large projects in developing countries, particularly in Africa and the Middle East (see Foreign Relations, ch. 4).

During the 1970s Brazil greatly increased the number of countries it traded with, as new markets were sought for the growing exports of manufactured products. About 26 percent of Brazil's exports in 1979 went to a large group of countries, mostly developing nations. Nonetheless, Brazil's exports remained heavily concentrated among industrialized countries. In 1979 the United States was the largest market (US$2.9 billion), followed by West Germany (US$1.1 billion), Japan (US$887 million), and the Netherlands (US$782 million). In fact, in that year the United States, Canada, Western Europe, and Japan (comprising most of the



Port of Santos
Courtesy WORLD BANK PHOTO/Tomas Sennett

membership of the Organization for Economic Co-operation and Development—OECD) purchased 60 percent of Brazil's exports. Among Brazil's 10 largest export markets, only Argentina (US$718 million), Chile (US$363 million), and Poland (US$434 million) were not OECD members. In 1979 the Soviet Union bought US$226 million of Brazil's exports.

Balance of Payments

Brazil often has had balance of payments difficulties. All too frequently since the 1800s, difficulties stemmed from a large foreign debt incurred to avoid domestic adjustments. The pattern was similar during the 1970s but not identical. In the past the fundamental problem was the collapse of the foreign price for an export commodity on which the country was overly dependent. In the 1970s the huge price increases for crude oil sharply shifted Brazil's terms of trade for the worse. Exports exhibited strong growth and diversity. The government took numerous steps to curtail imports and to make major adjustments in the economy. Foreign borrowing increased, however, to maintain relatively high rates of economic growth and to facilitate structural changes in the economy. By the early 1980s the country again faced serious balance of payments constraints; international bankers were worried about repayment and slowed further loans, while export markets were becoming more protectionist because of a worldwide recession.

Officials usually desired more exports than imports because of the normal outflow of payments on service accounts. The trade balance in 1970 showed an excess of exports over imports of US$232 million. In 1974 the trade balance turned sharply negative by US$4.7 billion. Restriction of imports and the growth of exports had reduced the imbalance to a negative US$2.8 billion by 1980. In 1981 an export surplus of US$1.2 billion was achieved because of government policies that further restricted imports, encouraged exports, and induced a domestic recession.

Meanwhile, foreign indebtedness had been increasing. The gross external medium- and long-term indebtedness rose from US$5.3 billion in 1970 to US$53.8 billion in 1980. Interest payments expanded quickly on this mounting debt, from US$234 million in 1970, to US$6 billion in 1980, and US$9.2 billion in 1981. Largely because of growing interest and oil payments, Brazil's current account balance deteriorated from a deficit of US$1.7 billion in 1973 to US$7.1 billion in 1974. By 1980 the current account deficit exceeded US$12 billion (see table 25, Appendix). Brazil's economy and current account remained very sensitive to crude oil prices and international interest rates.

The world monetary system was crumbling in the early 1970s when the first oil crisis came. The international financial system was suddenly flooded with petrodollars, i.e., the excess liquid assets of the main oil exporters, largely in the Middle East. The international banking community began recycling the petrodollars through loans. The quick increase in liquidity relaxed bankers' usual caution—too much so, according to critics. By the early 1980s a few jolts had shaken world bankers, and they began to reexamine their exposure in various countries. In 1981 and 1982 Poland, Mexico, and Argentina, all large borrowers, came close to defaulting on their international obligations. Poland was behind on payments when a new schedule was negotiated. Other countries also had to reschedule their debts. Mexico, which surpassed Brazil as the largest Third World debtor, in 1982 had to impose drastic emergency measures to retain control of its international financial situation.

Brazil easily borrowed abroad in the 1970s because of the high liquidity in the international financial system. Credits were obtained for numerous economic projects from suppliers and from international bankers seeking financial returns. Brazil even was able to provide some aid and credit to other developing countries. In some years Brazil's capital inflow was higher than needed to balance foreign currency payments, allowing a buildup of reserves. Brazil's high credit standing permitted officials to negotiate long-term repayment schedules rather than have a large part of the debt on short-term.

Nonetheless, a day of reckoning was approaching, and the second oil crisis, of 1979-80, speeded it up. High international

interest rates in the early 1980s further hastened the day. Each year, more had to be borrowed just to meet payments on earlier loans unless Brazil suddenly developed new earning power for foreign currencies, which had not happened by late 1982. After the mid-1970s officials slowly restrained new and stretched out in-progress development projects to lessen the need for foreign borrowing. Even so, in 1980 net interest payments were US$6 billion, and amortization of principal was almost US$7 billion. That year debt service amounted to 65 percent of earnings from exports, and debt service and oil imports exceeded total commodity exports. In 1981 Brazil's new medium- and long-term borrowing was above US$17 billion, and net interest payments amounted to US$9.2 billion. The total medium- and long-term external debt stood at US$61.4 billion at the end of 1981.

In 1982 the international banking community turned more cautious toward Brazil. By mid-year, arranging the remaining credits to balance international payments had become extremely difficult. By late in the year, Brazil was reportedly in desperate straits, although the information was fragmentary and consisted mostly of newspaper articles. Government authorities ceased publishing the status of the country's international reserves, which by November reportedly were less than one month's imports, or in the neighborhood of US$1 to 2 billion. Late in the year the country also sold gold to obtain foreign currencies. The short-term debt was unknown, but bankers suggested figures in the range of US$11 to US$18 billion. Some bankers related Brazil's rapid increase of short-term debt to that of Mexico before its crisis. Rumors abounded late in the year that Brazil was negotiating a large credit from the IMF and perhaps the United States. Although the severity of the situation was not known, Brazil was in serious financial difficulty.

Brazil's immediate future was one of austerity, largely because of balance of payments difficulties. How austere depended in part on the deterioration in the balance of payments and the country's debt profile during 1982. Even before mid-1982 officials indicated substantial planned cuts in imports, public sector expenditures, and growth rates to meet scheduled debt service through the mid-1980s. If the situation were as bad as news accounts reported in late 1982, the next several years would probably be a period of very low growth, severe pressure on wages, elimination of subsidies and a straining to export as much as possible. How labor and other elements in the society would react to austerity and the movement toward democracy in the political system remained a major question.

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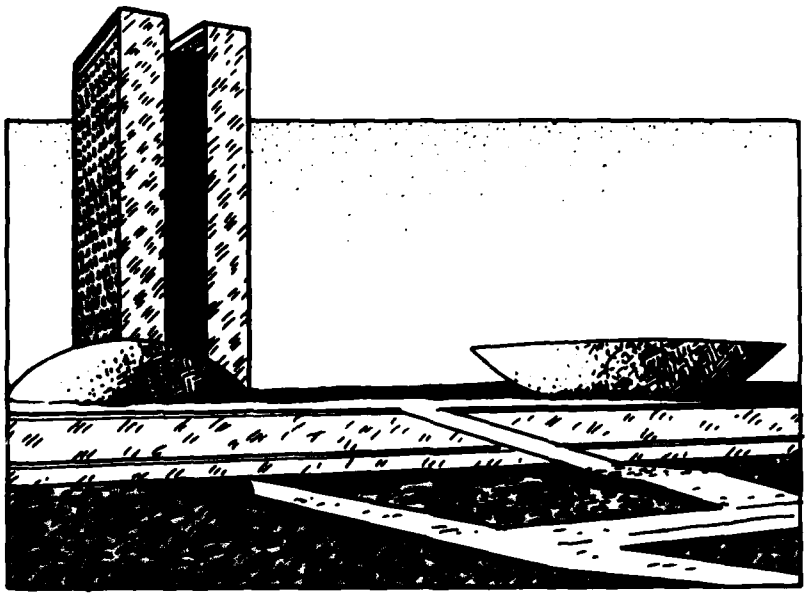
Much has been written on Brazil's economy; it is an interesting and challenging subject for economists. Celso Furtado's *The Eco-*

nomic Growth of Brazil and Werner Baer's *Industrialization and Economic Development in Brazil* provide valuable background material. William Tyler's *The Brazilian Industrial Economy* and John Dickenson's *Brazil* supply data and text covering varying portions of the 1970s with particular emphasis on industrialization. Mario Henrique Simonsen, a former planning minister, has written an unusually informative, brief survey of the period since the 1950s, emphasizing the financial system, "Brazil—Economic Outlook— Prospects for the Eighties." *Doing Business in and with Brazil* by Paul Garland provides valuable material on the various government entities and descriptions of the many incentive and other programs. The *Financial Times* (London) usually publishes annually (often in November) a several-page survey of Brazil. The United States Department of Commerce's *Foreign Economic Trends and Their Implications for the United States: Brazil* provides important current statistics and information on recent policy measures. Of course, the Brazilian government's annual statistical yearbook, *Anuário Estatístico do Brasil*, supplies a mass of statistics, although not all figures are as up-to-date as one would like.

Edward Schuh's *The Development of Brazilian Agriculture* describes that sector at about 1970; Solon Barraclough's *Agrarian Structure in Latin America*, though limited to the 1960s in most of its data, remains useful. Caio Prado's *The Colonial Background of Modern Brazil* and Furtado's *The Economic Growth of Brazil* provide excellent background reading on agricultural development. The publications of the Foreign Agricultural Service of the United States Department of Agriculture deal with current agricultural production, trade, and policy issues. For information on government agricultural policy, the reader might consult Richard Meyer et al.'s "Rural Capital Markets and Small Farmers in Brazil, 1960-1972," Paulo de Araujo and Meyer's "Agricultural Credit Policy in Brazil," and William Saint's "Farming for Energy." Albert Berry and William Cline, in *Agrarian Structure and Productivity in Developing Countries*, have a useful section on landholding and productivity in Brazil. Manuel Correia de Andrade's *The Land and People of Northeast Brazil*, updated and translated into English, is a detailed portrait of agriculture in the country's poorest region. *The Agricultural Economy of Northeast Brazil*, by Gary Kutcher and Pasquale Scandizzo, is likewise valuable. (For further information and complete citations, see Bibliography.)

Chapter 4. Government and Politics



Buildings of Congress in the Plaza of the Three Powers (Brasília); architect: Oscar Niemeyer

THE BRAZILIAN POLITICAL SYSTEM in 1982 was in a crucial stage of a process of liberalization from military dictatorship to what promised to be, sometime within the coming decade, a return to liberal democracy directed by civilians. The political dynamics of this process, known as *abertura* (literally, opening), involved the interaction of popular pressure from below and, from above, the extensive powers of the executive branch of government and its coercive mechanism, both of which remained in the hands of the armed forces. Although *abertura* was protracted, the holding of the scheduled popular elections of November 1982 was the most important indication to date that it would proceed on course into the mid-1980s, when a successor would be chosen to President João Baptista de Oliveira Figueiredo, who in 1979 had been chosen as the nation's fifth military president since the coup d'etat of April 1964.

Economic factors posed one of the greatest threats to *abertura*. After increasing to record levels between 1968 and 1974, Brazil's growth rate gradually slowed after the shock of 1973-74 oil price hikes and was negative in 1981, a year that also saw inflation reach over 100 percent and the foreign debt hit record heights. Analysts agreed that the economy had the strength to overcome these difficulties. The timing, however—when the population was being allowed, for the first time in many years, to make its own wage demands heard—was most inopportune. The specter of popular demands for redress of past losses had been raised during the late 1970s in widespread labor strikes, but in the early years of the new decade, the government had skillfully combined "carrots" and "sticks" to mute wage demands. This issue would become increasingly vital, however, as *abertura* proceeded.

Another long-term threat to *abertura* (although in the short run it may have made it easier for Brazil's military leaders to initiate and proceed with the process) lies in the relatively undeveloped nature of Brazil's political institutions. As labor unions were weak, so were interest groups representing business, students, agriculturalists, and other sectors of society that one might expect to be highly organized in a nation as large as Brazil. Political parties also lacked an in-depth organizational capacity. Analysts explain this phenomenon as a product of Brazil's patrimonial heritage: deference to one's "superior" in his or her immediate environment (be it farm, factory, neighborhood, or village) runs deep in Brazilian society. In politics this is translated into political bossism, called *coronelismo* in traditional rural Brazilian society, which began a slow death in the 1950s but continued to play a major, if declining, role in the 1980s. This tradition was reinforced by the corporatist threads that ran through the regime of President Getúlio Vargas in the 1930s and 1940s as well as the post-1964 military regime. In Brazil's entire history, liberal democratic institutions, such as interest groups and political parties,

had a chance to develop only during the Second Republic (1946-64). While this inexperience in popular government may have made it easier for the nation's military leaders to loosen the reins of power, it also made the future uncertain due to a lack of strong democratic traditions.

The people were nearly unanimous in their support of *abertura*. Its only apparent opponents were found in a segment of the armed forces known as the hard-liners, which had been quite powerful in the early 1970s, although its influence steadily declined thereafter. By the early 1980s the hard-liners, who wanted military rule to be perpetuated indefinitely, had been removed from a number of top positions of authority. There was, in other words, a growing consensus within the armed forces to return to its purely military, professional role in society.

A consensus also existed among Brazilian elites that their nation, having one of the largest, richest, and most dynamic societies in the Third World, was destined in time to become a major world power. Brazil's increasingly far-reaching diplomatic and commercial ties had significantly raised its stature among the developing nations at the same time that they reduced the nation's dependence on the northern industrialized nations. The United States remained Brazil's single most important foreign relation, although by the early 1980s its significance had been declining for a full decade as Brazil diversified its foreign contacts. Two especially interesting aspects of Brazil's foreign policy were the somewhat surprisingly small military component of its growing power and the widespread public support that Brazil's new directions in foreign policy had attained. Foreign policy was virtually absent as an issue in the otherwise bitter 1982 election campaign.

Structure of Government

Constitutional Structure

Brazilian constitutions, by and large, have served to legitimize existing political institutions rather than to provide for future continuity. The 1967 Constitution, the nation's sixth, superseded the 1946 constitution, which had guided Brazil during 18 years of democratic rule during the Second Republic. Between the 1964 coup d'etat and the promulgation of the 1967 Constitution, four so-called Institutional Acts and a large number of Complementary Acts were decreed by the military government that modified the 1946 constitution as necessary in order to legitimize the imposition of the dictatorship. The 1967 Constitution, which was promulgated on January 24 of that year by the rubber-stamp Congress, was essentially a reconfirmation of the modifications of the three previous years.

The 1967 Constitution was frequently and substantially amended during its first 15 years as Brazil's highest law. By 1982 over half of its original 200 articles had been altered through one of 22

constitutional amendments promulgated by the military government, and 10 additional articles had been added. After 1967, a further 15 or more Institutional Acts and many additional Complementary Acts had been decreed to modify Brazilian constitutional law; by 1982, however, these had all been either abrogated or incorporated into the constitutional amendments.

The 1967 Constitution changed the formal name of the country from the United States of Brazil to the Federative Republic of Brazil (República Federativa do Brasil). In spite of the name change, the provisions of the 1967 Constitution significantly increase the power of the federal (or central) government with respect to the state governments. This centralization of power in federal authorities, seated in the national capital in Brasília, is most apparent in Articles 10 and 11, which allow the federal president to intervene in the affairs of state government (to the point of removing the state governor) for a wide variety of reasons. In spite of this rather severe limitation, state governments did retain important prerogatives of the past, including significant powers of taxation. Each state has its own constitution, although none can contradict the terms of the federal Constitution.

The Constitution is divided into five major sections. The first, consisting of 144 articles, details the system of government. The second section spells out the nation's declaration of civil rights in 15 articles. The subsequent 15 articles outline the nation's economic and social order. Articles 175 through 180 discuss the family, education, and culture; Articles 181 through 210 are under the heading of general and transitory provisions.

The Constitution may be amended on a proposal by Congress or by the federal president. Constitutional Amendment Number 8, dated April 1977, made it more difficult for Congress to propose an amendment, and easier for the president. For the former, one-third of the members of each legislative body must sponsor an amendment. An amendment must be approved by two-thirds (it had been a simple majority between 1977 and 1981) of the members of each legislative body. The Constitution cannot be amended during a state of siege. It should be noted, however, that on two important occasions, in December 1968 and April 1977, the president sidestepped these constitutional provisions by closing Congress in order to decree important constitutional provisions. On these occasions when Congress threatened to challenge the executive authority, Institutional Act Number 5 and Constitutional Amendments Numbers 7 and 8 (the so-called April package of 1977), both of which greatly increased the powers of the executive, were issued by decree.

The Executive

Article 73 of the Constitution reads: "The executive power is exercised by the president of the republic assisted by the minis-

ters of state." A vice president serves jointly with the president and replaces him in the event of temporary impairment or the death of the president. Under military rule the vice presidency has often been held by a civilian. It was a tribute to the process of *abertura* that Vice President Antônio Aureliano Chaves de Mendonça (a civilian) served as interim president for seven weeks following President Figueiredo's heart attack in September 1981. In 1969, under similar circumstances, military commanders had prevented the civilian vice president from assuming the presidency as mandated in the Constitution. Both the president and the vice president must be Brazilians and at least 35 years old.

President Figueiredo assumed office on March 15, 1979, for a six-year term (the presidential term of office was raised from five to six years in 1977). Popular, direct elections of the president ended with the fall of the Second Republic in 1964. The five subsequent military presidents were "elected" indirectly by an electoral college, consisting of all members of Congress plus delegates of the state legislatures. (The number from each state depended on its population until 1982, when a constitutional amendment changed the makeup of the electoral college to include six representatives from each state legislature, irrespective of size.) In fact, however, these indirect elections were no more than pro forma exercises because Congress and the state legislatures, between 1964 and 1982, were stacked with regime appointees and other delegates certain to endorse the candidate chosen by the outgoing military president. The real presidential politicking during these years took place among the military hierarchy in a process that was not publicly visible. Much of the excitement over the 1982 popular elections was that they held the prospect of electing a Congress and state legislatures that for the first time since 1964 would be truly independent of the military government. Thus the indirect election of Figueiredo's successor, scheduled for October 15, 1984, held the potential of being a meaningful democratic event (see Elections under Military Rule, this ch.).

The constitutional powers of the president are many and are varied. In the legislative area, he may issue decree-laws on matters concerning "national security, public finance, including standards on taxation, and the establishment of public posts and setting of salaries." He also is given exclusive power to propose laws in these and other matters, including administrative and judiciary organization, a variety of concerns with respect to the civil service, and amnesty for political criminals. In the event of "war, or serious disturbance of order or threat of the outbreak of such disturbance," the president is also empowered to decree a state of siege, under which he may take virtually any measure he deems necessary to restore order.

Aside from his power to legislate, the president appoints and removes key advisers and ministers of state without the need for

President's residence, Brasília
Courtesy Embassy of Brazil, Washington

congressional approval. State governors were also appointed by the president until the 1982 elections. He also approves gubernatorial appointments of a large number of key mayors to head local governments in areas deemed essential to national security. After 1982 the president retained the power to intervene in state and local governments, and an uncooperative governor could be removed under the authority of the Constitution.

In August 1982 the president's cabinet was enlarged from 20 to 21 members. It included the ministers of aeronautics, agriculture, army, communications, education and culture, finance, foreign affairs, health, industry and commerce, interior, justice, labor, mines and energy, navy, transportation and public works, and welfare and social security. Also within the cabinet were five officials who were considered to be the president's closest advisers. These were the minister-chief of the Planning Secretariat of the Presidency, who in 1982 was Brazil's so-called economic czar, Antônio Delfim Netto; the chief of the Civilian Household (Casa Civil) of the presidency, the president's principal political adviser; the chief of the Military Household (Casa Militar) of the presidency, who acts as a liaison to the armed forces; the chief of the National Intelligence Service (Serviço Nacional de Informações—SNI), the position held by Figueiredo before he became president; and the chief of the Special Ministry for Land-Related Issues, a new

cabinet position that was initially filled by Brigadier General Danilo Venturini, who also served as secretary of the National Security Council (Conselho de Segurança Nacional—CSN).

The holders of these five posts have, under military rule, generally been regarded as the most powerful men in Brazil after the president, because of their direct, daily access to the president (see fig. 8). The relative power of each, however, has varied over time. For many years the chief of the Civilian Household, for example, was retired General Artur Golbery do Couto e Silva, who was considered the architect of much of the regime's political evolution from 1964 until his retirement in August 1981. After that time the position lost much of its previous influence. The importance of the minister-chief of the Planning Secretariat is commonly attributed to the economic and political skills of Delfim, who was appointed in August 1979. The SNI chief has nearly always been powerful. The fact that presidents Figueiredo and Emílio Garrastazú Médici had both held that position led many observers to consider General Octávio Aguiar de Medeiros, who in late 1982 had been SNI chief since early 1978, a prime candidate for the presidential term to begin in 1985.

This "inner cabinet" also included Figueiredo's personal secretary, Heitor Aquino Ferreira, until his fall from grace in late 1981. Before that time he and the other five officials were referred to as the "palace group" (*grupo palaciano*, after the Planalto Palace, the seat of government in Brasília). This inner group of presidential advisers was also known as the "9 o'clock group" because they met with the president every day at 9:00 A.M.

Another important advisory body is the CSN, which consists of the president, the vice president, the cabinet ministers, the chief of the Armed Forces General Staff (Estado-Maior das Fôrças Armadas—EMFA), and the chiefs of staff of the three armed services. First created under the 1946 constitution, the CSN did not become a vital political institution until 1964. It was particularly important in the years immediately following the 1964 coup; in 1982 it remained powerful, though some of its prerogatives may have been lost to the "inner cabinet." Among the powers granted the CSN in the 1967 Constitution are "to establish the permanent national objectives and the bases for national policy" and to give prior consent in executive decisions considered indispensable to national security, including land concessions, installation of means of communication, opening of transportation routes, and establishment and operation of industries affecting national security.

Within the Brazilian executive there are hundreds of agencies for the provision of social services, the operation of government-owned industries, and the administration and regulation of many aspects of national life. Brazil is somewhat infamous for its bureaucracy. For a time during the 1970s the government created a Ministry of Debureaucratization (complete with its own

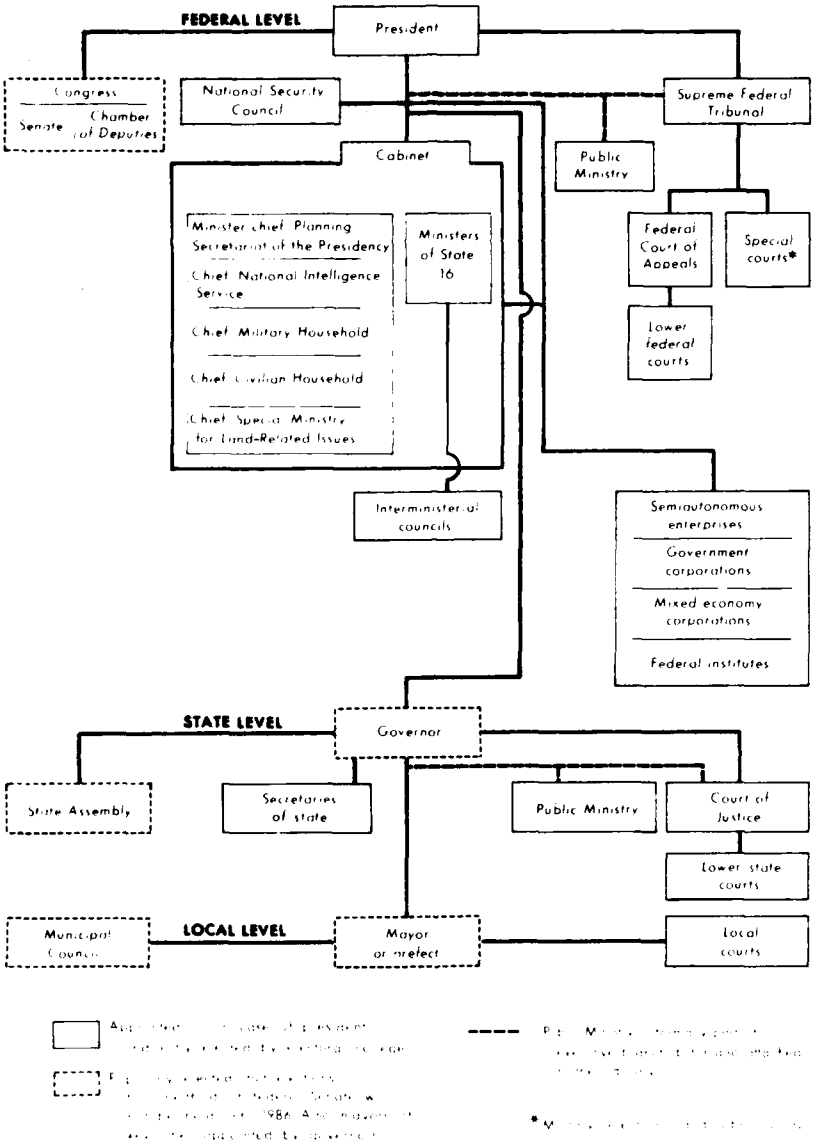


Figure 8. Structure of Government, December 1982

bureaucracy) to try to remedy the many problems created by the growth of so many government agencies. Basically, there are five kinds of agencies: the interministerial councils use personnel from various ministries to make up such organizations as the Economic Development Council, National Monetary Council, and

the Industrial Development Council; federal *autarquias*, or semi-autonomous enterprises, such as the Central Bank of Brazil; federal institutes; government corporations; and mixed-economy corporations, which may be wholly owned or partially owned by the government. Some prominent examples of these are Embraer (Empresa Brasileira de Aeronáutica), a Brazilian aeronautics enterprise, the Bank of Brazil, and the Brazilian Petroleum Corporation (Petróleo Brasileiro—Petrobrás).

Since 1964 many of these agencies have been headed by military officers. The bureaucracy also acts as a power base for the so-called technocrats. For politically motivated civilians such as Delfim, the government executive agencies provide ample opportunity to build a following through patronage (see Conservative Groups, this ch.).

The Legislature

Brazil has a bicameral legislature, consisting of the Senate and the Chamber of Deputies, which is in session in Brasília every year from March 1 to June 30 and again from August 1 to December 5. Senators serve eight-year terms of office and must be at least 35 years old; deputies serve for four years and must be at least 21.

Since the early 1960s the Congress has gone through continual evolutionary change in terms of its composition and its relationship with the executive. This evolution sped up in the early 1980s; the executive branch used its prerogatives to retain control over the legislature at the same time that it pursued the process of democratization under *abertura*. (The 1982 congressional elections, in particular, produced a Congress that was widely viewed as more popularly representative and independent of the executive branch than any legislature since 1964.)

Under the administration of João Goulart, the Congress played the role of an effective opposition, blocking many of the reforms proposed by the executive (see The Presidency of João Goulart, ch. 1). After the 1964 coup d'etat some 100 members of Congress, stripped of their political rights, were removed from their posts and replaced by alternates who were more amenable to the wishes of the executive. Nonetheless, a political crisis ensued in December 1968 when the Chamber of Deputies refused to accede to an executive request to strip a deputy of his parliamentary immunity. The executive closed Congress and decreed Institutional Act Number 5, which vastly increased executive powers. Congress did not reconvene until April 1970. Congressional elections held later that year, under new rules that lowered the number of deputies from 409 to 310 and altered the system of proportional representation, resulted in a Congress more compliant with executive wishes. The 1974 elections, however, brought significant victories for the opposition, and between 1974 and 1978 (a period that saw the initiation of the process of political "decompression," or *distensão*,

under President Ernesto Geisel) the legislature again gained a real, though limited, role in government decisionmaking.

By April 1977 the prospects of an even larger opposition victory in the 1978 elections led President Geisel to close Congress once again in order to decree "new rules of the game." The "April package" increased the number of deputies to 420, again altered the system of proportional representation to favor rural areas more prone to support the government, and instituted the "bionic senators." (One of each state's three senators was indirectly elected by the state's legislature in 1978; subsequent legislation barred this procedure for the 1986 election.) These changes ensured a government victory in the November 1978 congressional elections, after which the National Renovating Alliance (Aliança Renovadora Nacional—Arena) assumed 41 seats in the Senate and 231 seats in the Chamber of Deputies while the opposition Brazilian Democratic Movement (Movimento Democrático Brasileiro—MDB) held 25 Senate seats and 189 seats in the Chamber of Deputies (see Electoral Politics, this ch.).

After 1978 the Congress again became a stabilizing influence in providing political support and legitimacy to President Figueiredo's efforts at *abertura*. New political party legislation in 1979 had the effect of gradually eroding the executive's base of support in Congress, however, as the new government party, the Democratic Social Party (Partido Democrático Social—PDS) experienced numerous defections as the 1982 elections approached. By late 1981 opposition parties held a majority in the Chamber of Deputies for the first time since 1965, thus forcing the executive to negotiate with the opposition over controversial legislation. Alignments continued to shift, however, and in September 1982 Brazilian officials reported that the PDS held 36 of 69 Senate seats and 225 of 420 seats in the Chamber of Deputies. A series of presidential decree "packages" in 1981 and 1982 again changed the rules of the game in anticipation of major opposition victories in the 1982 congressional elections. Included among them was an increase in the size of the Chamber of Deputies from 420 to 479.

Every four years at least one-third of the Senate (two-thirds in alternate elections, e.g., 1986, 1994) and the entire Chamber of Deputies are elected. After the election each new legislative body elects a president and a steering committee to determine the chamber's agenda and guide its work. Legislation, except on subjects that are the exclusive prerogative of the president of the republic, may be proposed by a simple majority of either chamber. Legislation proposed by the president becomes law either if both chambers approve it by a simple majority or if no action is taken in Congress for 90 days (40 days if the president considers the bill urgent). The president holds veto powers, and a two-thirds majority in each chamber is required to override.

In addition to legislative functions, the Chamber of Deputies

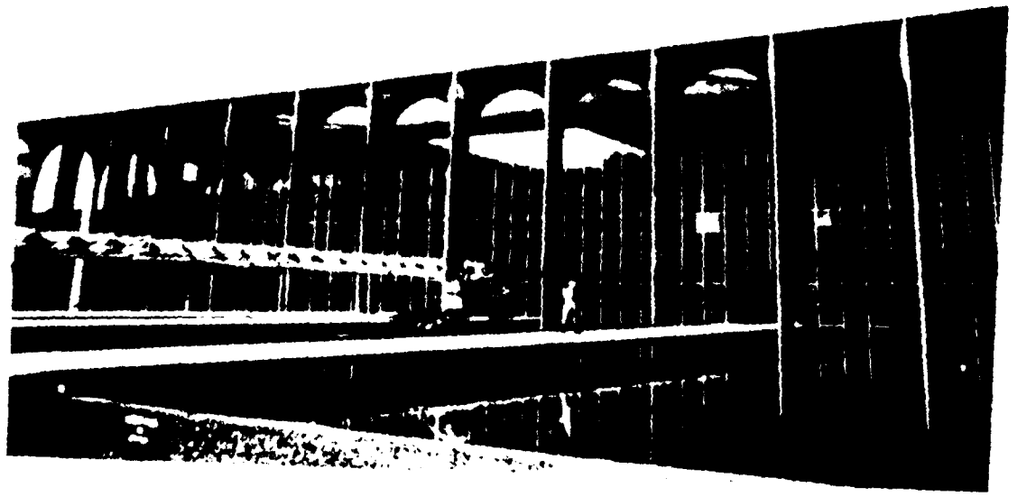
has exclusive power to initiate impeachment proceedings against the president and his cabinet ministers. The Senate then judges impeachment charges; the Senate also serves as a court for judges of the Supreme Federal Tribunal or an attorney general charged with crimes of responsibility. The Senate also confirms presidential appointments of an attorney general, certain judges, and chiefs of permanent diplomatic missions. One of the most important functions of Congress designated by the 1967 Constitution, of course, is its members' participation in the electoral college that elects the president of the republic.

The Judiciary

The judicial branch of government has undergone considerable change during the years of military rule. The jurisdiction of the federal courts increased at the expense of the state courts, which lost their power to try infractions of federal laws in the first instance. The role of the military courts, not surprisingly, increased dramatically; and a new court, the National Magistrate Council, was created. While Institutional Act Number 5 was in force (1968-78), the power of the president to dismiss judges cost the judiciary its traditional independence from the executive. Nevertheless, there was little publicly aired conflict between the judiciary and the military government; the traditionally conservative Supreme Federal Tribunal was reluctant to use its powers of judicial review to declare legislative or executive action unconstitutional. During the late 1970s and early 1980s, however, lower courts often challenged the government in cases involving the constitutional rights of citizens, e.g., issuing writs of habeas corpus. All federal judges are appointed by the president for life (they must retire at age 70); they can be removed from office only as a result of judicial sentence.

Supreme Federal Tribunal justices are appointed by the president, with the approval of the Senate, from among citizens at least 35 years old and "of notable juridical leaning and of spotless reputation." The size of the Supreme Federal Tribunal has varied under military rule: in 1965 President Humberto de Alencar Castello Branco enlarged the court from 11 to 16 (to dilute the influence of several justices sympathetic to the populist ideals of former president Getúlio Vargas); in 1969 President Artur da Costa e Silva (using executive powers granted by Institutional Act Number 5) lowered the number back to 11, removing judges believed to be supporters of Vargas' policies. The court may meet in panels or in plenary sessions.

In addition to its power to rule on the constitutionality of laws, the Supreme Federal Tribunal holds original jurisdiction in a number of matters, including crimes committed by certain high officials (including the president), lawsuits between a foreign government and an agency of the Brazilian government or between



National Congress, Brasília
Courtesy Embassy of Brazil, Washington

a state government and the federal government, and jurisdictional disputes between various lower courts. Most of its efforts, however, are spent in hearing appeals from lower courts. The National Magistrate Council, created by constitutional amendment in April 1977, consists of seven justices from the Supreme Federal Tribunal. It is convened to hear criminal complaints levied against federal judges.

The Federal Court of Appeals, also located in Brasília, consists of 27 judges. They sit in plenary, in chambers, or in panels according to specialization. The court has original jurisdiction over appeals of the decisions of lower federal judges.

The 1967 Constitution created, for the first time, federal courts in the capitals of each state, territory, and in the Federal District (Brasília) to try cases involving infraction of most federal laws. One judge sits on most of these courts of first instance.

Special courts under federal jurisdiction, also mandated as part of the judiciary in the 1967 Constitution, include military, electoral, and labor courts. In addition to trying military persons of crimes under military law, the system of military courts hears cases involving civilian infractions of the National Security Law of 1979 (see Criminal Law and Procedure, ch. 5). Lower military courts hear the majority of such cases being tried in the first instance. The Superior Military Tribunal consists of 15 judges appointed by the president for life. Those convicted by the Superior Military Tribunal have the right to appeal to the Supreme Federal Tribunal.

The electoral courts were created by Vargas with the objective of making elections more meaningful and honest. Both their administrative and judicial functions were broadened in the 1967 Constitution. The Superior Electoral Tribunal, seated in Brasília, consists of five judges (three from the Supreme Federal Tribunal, two from the Federal Court of Appeals) and two lawyers chosen by the president of the republic. Regional electoral courts, found in the capital of each state and in the Federal District, also consist of five judges and two lay persons. Local arms of the electoral court system consist of electoral judges and electoral boards. These judges have wide competency in matters pertaining to elections as well as the registration and financing of political parties.

The system of labor courts, instituted to resolve disputes between management and labor, consists of the Superior Labor Court, regional labor courts, and local boards of conciliation and judgment. The Superior Labor Court is composed of 17 judges, all appointed by the president of the republic. Eleven are magistrates for life, six are temporary; half of the latter represent management, the other half, labor.

The Public Ministry, although formally an arm of the executive branch, is attached to all levels of the judiciary. It acts as the legal representative of the government in all cases involving the public interest. In addition to defending the rights and promoting the interests of the federal government, the Public Ministry sees that laws are obeyed and safeguards the right of individuals unable to provide for their own legal defense. It is headed by the attorney general, who is appointed by the president and approved by the Senate, and is staffed by career attorneys. Each state also has a public ministry. All state and local governments also preside over their own system of civil, criminal, and military courts. Article 144 of the Constitution lays out broad outlines for certain features of these courts, including the qualifications and remuneration of judges, the kinds of state and local courts, and their membership.

State and Local Government

The Brazilian system of government is federative in name only. A number of developments, particularly the overwhelming economic power of the federal government and provisions in the Constitution allowing federal authorities to intervene in the affairs of state governments, have led to an ever-increasing concentration of authority in federal officials at the expense of their counterparts in state governments. In addition to the federal government, governmental units in Brazil consisted of 23 states, three federal territories, a Federal District (Brasília) and, in 1980, 4,011 *municípios* (see Glossary).

The states are granted the power to create their own constitutions and their own government; both must conform, however, to

those found at the federal level. The chief state executives, governors, were popularly elected from 1946 to 1965 and indirectly elected by the state assemblies (which, in effect, meant they were appointed by the federal president) from 1966 until 1982, when the first popular elections for governor in 17 years were held. Each governor—whose term of office is four years—has a number of secretaries of state, comparable to the ministers at the federal level. Each state also has a unicameral state assembly, whose members are popularly elected for four-year terms on the basis of proportional representation. Each state also has an independent judiciary headed by an appellate court known as the Court of Justice.

The Constitution grants the states all powers not conferred on the federal government or the *municípios*. In a few areas, most notably education, the states have concurrent powers to legislate along with the federal government. In fact, the real power of each state has depended on its economic resources: states may levy taxes on sales (some 70 percent of their revenue), inheritances, transfers of property, and exports. This power brings significant clout to the governments of rich states, such as São Paulo, Rio de Janeiro, and Rio Grande do Sul, whose governors may be major national public figures (see fig. 1). Because economic power generates political power, the political power is in turn used to garner a larger share of revenues and services dispensed by the federal government. This system, of course, works to the detriment of poorer states.

Municípios are granted autonomy in the 1967 Constitution, although in fact their authority has gradually been encroached upon by state governments much as states have been by the federal government. *Municípios* are headed by mayors (also called prefects) and quasi-legislative councils, most of which are popularly elected for four-year terms. Under military rule, however, a number of mayors and councilmen have been appointed by state governors with the approval of the federal president. Formally justified in terms of "national security" (mayors were appointed in border areas, areas of major mineral deposits, industrial establishments, and military bases), the appointments were actually used to ensure the control of major cities by supporters of the government political party. Initially, almost 700 local governments were thus appointed; by 1976 the total had been reduced to 175 appointed in key cities and all state capitals. *Município* councils vary in size, though they may have no more than 21 members. Each *município* also has at least one trial court, and most have a justice of the peace.

There were three federal territories—Amapá and Roraima in the North and Fernando de Noronha, a group of small islands in the Atlantic Ocean, northeast of the city of Recife. All are remote and sparsely populated. Because of the growing population and

economic importance, Rondônia was upgraded from a territory to a state in 1982. Municipal government is administered by a mayor appointed by the governor of the territory who, in turn, is appointed by the federal president. The governor of the Federal District is also a presidential appointee. Brasília also has an elected, 20-member legislative council (four-year term) and its own system of courts.

Interest Group Politics

Although in 1982 the nation's attention was focused on electoral politics, a more timeless and, in many respects, more meaningful analysis of Brazilian politics may be pursued by examining various interest groups and the interaction among them. Because Brazil is a large and complex society, these groups are many and varied and rarely are united in their political points of view. Therefore, the following presents a simplification of Brazilian reality for the sake of clarity: groups labeled "conservative" represent, for the most part, those that have benefited from the period of military rule; those labeled "liberal" represent groups that have sought fundamental changes in the policies pursued since 1964.

Conservative Groups

The Military

The armed forces have long played a pivotal role in the nation's politics. As in other nations of Latin America, military officers acted as the moderators of intra-elite disputes, at times temporarily assuming the reins of government in order to facilitate the transfer of political power. On other occasions officers assumed power through the force of arms, then institutionalized a system of personal dictatorship (see The Vargas Era, 1930-45, ch. 1). The post-1964 military regime has been unique in that it has been neither a short-lived transition nor a period of personalistic rule. Rather, the armed forces have ruled as an institution, faithfully adhering to hierarchical principles of discipline, promotions, and retirement in order to preserve the institutional integrity of the officer corps. It has not been an easy task. Most analysts point to inevitable strains on institutional integrity created during almost two decades in power as the primary explanation of the regime's pursuit of *abertura*, which is designed eventually to remove the military from a direct, if not indirect, role in the political system.

The post-1964 military government was by no means run exclusively by military officers. In late 1982, for example, only six of the 21 cabinet members were active-duty officers. The armed forces retained control of the government by holding key positions, most important of which, of course, was the presidency. The presence of active-duty officers in other key positions, most notably as the heads of the CSN, the SNI, and the president's Military Household, guaranteed that executive policymaking would reflect the wishes

of the military hierarchy who, given a compliant electoral college, would also control the presidential succession (see The Executive, this ch.). By holding high government positions, military officers secured financial security and prestige for their institution, as well as access to patronage jobs for active and retired officers, their families, and friends.

An alternate source of power for military officers lay in the command of troops. Some two dozen division generals, brigadiers, and colonels who command troop units must be considered by policymakers. In the event of severe disunity within the officer corps, these commanders have the power to use armed force, or to threaten the use of force, in a coup d'etat (see Administration, Organization, and Training, ch. 5).

In many nations military personnel are forbidden from taking part in political activity. This is not the case in Brazil, where officers and noncomissioned officers may vote and, under certain circumstances, run for public office (see Constitutional Basis, ch. 5). This freedom, together with the tradition of political activity within the Brazilian military, leads to a high level of political expression and controversy within the armed forces. Every attempt is made to shield such controversy from the public view in order to preserve a public image of institutional integrity and harmony. Nevertheless, controversy within the military high command frequently has spilled into the open and, taken together, these incidents present a fairly clear picture of the political concerns of the Brazilian armed forces.

Interservice rivalries seem to be less of a problem in Brazil than in other military-led governments. The parceling of the military budget inevitably leads each service to extol its special need for a larger share. In mid-1982, for example, the commander of the navy cited the Argentine debacle against the British in the Falklands/Malvinas war as evidence of the need for greater Brazilian naval power. In larger political issues, however, the army has always prevailed over the navy and the air force. This is evidenced most clearly by the fact that all five presidents in the 1964-82 period of the military regime came from the army.

Analysts have usually discussed political factions within the contemporary Brazilian military in terms of hard-liners (*linhas duras*) and moderates. The meaning of these terms changed significantly, however, between 1964 and 1982. During the early years of the military regime, controversy centered on the definition of the regime in terms of political economy. Most of the officers who engineered the 1964 coup, led by the first military president, Genéral Castello Branco (hence sometimes called *castellistas*), were considered moderates. Highly influenced by the United States as a result of having fought as part of the United States Fifth Army in Italy during World War II and being educated at Brazil's prestigious Superior War College (Escola

Superior de Guerra—ESG), which was founded in 1949 with the assistance of a United States military mission, these officers were anticommunist, developmentalist, and internationalist in political orientation. Their hard-line opposition consisted of more authoritarian and nationalist younger officers who called for stronger military participation in the institutions of government and for development policies more immediately beneficial to Brazilians, thus creating a strong national constituency. The retirement in 1970 of their leading spokesman, General Afonso Augusto de Albuquerque Lima, led to the eclipse of this nationalist group of military hard-liners.

During the 1970s the political lines within the military were drawn by one's attitude toward the liberalization of military rule. The hard line was defined by General Médici, whose 1969-74 term of office was the most repressive period of military rule, with the least concern for civil liberties. His successor, General Geisel, was a moderate who launched the decompression under which the worst of the repressive apparatus was dismantled. This ongoing controversy within the military hierarchy came to a head with the process of naming Geisel's successor. After the forced retirement of two hard-line members of the high command, generals Hugo de Abreu and Sílvio Coelho da Frota, Geisel was able to prevail and name a fellow moderate, General Figueiredo, to succeed him. Figueiredo continued the process of liberalization under the catchword *abertura*, which opened the political system to popular political expression and participation.

Such strains within the High Command of the Armed Forces (Alto-Comando das Fôrças Armadas—ACFA) undoubtedly caused a modification in the process of political liberalization. The apparent compromise between moderates and hard-liners led to the continuation of the political opening, but under slower and carefully controlled conditions. Such strains also reinforced the need for the armed forces to retreat from its direct control of the government in order to forestall further erosion of the military institution. The governing role was increasingly seen as detrimental to its professional role as a purely military institution. Furthermore, with the end of the period of Brazil's "economic miracle" in 1974, governing was not as enhancing to the public image of the armed forces. This was made clear in the elections of 1974 and 1978, when the governing party lost the public mandate it had held previously. Finally, the original justification of military rule, the need to enforce national security in the face of domestic threats, no longer rang true by the mid-1970s, when guerrillas had been defeated and liberal politicians had lost any effective voice in public life.

Despite the continuity of two successive moderate governments, hard-line opposition continued to be voiced from within the armed forces. This fact was brought to light most forcefully in April 1981 when two members of the army intelligence service

were implicated when a powerful bomb exploded prematurely outside a stadium in Rio de Janeiro where a rally in favor of *abertura* was to be held the next day. The government's apparent cover-up of the investigation led to speculation that hard-liners in the military forced the concealment of what had been an attempt by opponents of *abertura* to discredit the process through the use of terrorism designed to create a hard-line backlash to the liberalization (see Threats to Internal Security, ch. 5).

In the early 1980s hard-line opposition to *abertura* was generally estimated to be supported by one-fourth to one-half of the officer corps. Colonels were commonly thought more likely to be hard-line than were generals. Intelligence and police organizations were said to contain a relatively large number of hard-line officers. This group remained opposed to the reintroduction of civil liberties and political pluralism and felt that conditions demanded a continuation of military rule beyond the timetable prescribed by the Figueiredo government. Analysts agreed in 1982 that hard-liners continued to carry influence, albeit reduced. Should key tests of *abertura*, such as the 1982 elections or the 1984 contest for the presidency, indicate that the High Command was losing control of the process, then military hard-liners would seek a resurgence of their influence, thus forcing a slowing or reversal of the moderate program of *abertura*.

Technocrats

The political power of the technocrats (*técnicos*)— the civilian elite of planners, economists, and administrators at the top of Brazil's burgeoning bureaucracy—is partly due to the sheer size of the organizations they oversee. In addition, the above-average educational level, as well as family and political connections, of senior civil servants makes the bureaucracy a formidable pressure group. The bureaucracy also serves as the most important channel for the exercise of influence by other interest groups, owing to the weakness of such institutions as Congress and political parties that perform such functions in other countries (see The Executive, this ch.).

Even responsible government officials do not know the number of people on the government payroll. A 1975 study estimated 500,000 for the federal government and twice that figure for state and local government. The lure of patronage and the growth of governmental functions since that time have undoubtedly raised that figure still higher. The government does have a civil service system whereby appointments are made on merit. The system does not function in all areas of government, however, and in addition to patronage, political loyalties often determine the fate of the civil servant. After the 1964 coup there was a widespread purge of career and appointed civil servants whose political leanings did not match those of the military government (see The Takeover, ch. 1).

The technocrats, who emerged from the purge as the architects of Brazil's post-1964 development strategy, were supposedly "apolitical." Guillermo O'Donnell, in his brilliant 1973 study of the bureaucratic-authoritarian state, defines the frame of mind of the technocrat: "Their training stresses a technical problem-solving approach . . . the ambiguities of bargaining and politics are hindrances to rational solutions; and conflict is by definition dysfunctional . . . That which is 'efficient' is good . . . " Such a point of view may have been apolitical in the pre-1964 context of liberal democratic institutions, but in designing and maintaining the development policies of the military regime—e.g., industrialization, export expansion, foreign investment, political stability, low wages—the technocrats were, by necessity, thrust into the political life of the nation as the primary civilian allies of the military rulers.

The myth of an apolitical technocratic establishment at the helm of the nation's giant bureaucracy lasted as long as the combination of brutal dictatorship and economic success kept the development strategy from becoming a subject of national debate. The year 1974 proved to be a watershed on both counts: it was not by chance that the beginning of the political liberalization coincided with the end of the "economic miracle." The attack on the technocrats came primarily from two quarters: nationalists (especially businessmen), who saw the development strategy as favoring international capital to the detriment of domestic private industry, and organized labor, which had seen real wages fall precipitously after 1964. How to control Brazil's endemic problem of price inflation also became a subject of political controversy, as did the problem of Brazil's foreign debt in the early 1980s (see Growth and Structure of the Economy, ch. 3).

The bastion of the power of the technocrats was in the Planning Secretariat of the Presidency (previously known as the Ministry of Planning). Delfim Netto, who was named chief of the Planning Secretariat in August 1979 and continued to hold that post in late 1982, had become perhaps the most powerful civilian in Brazil through his role as the nation's economic czar. Delfim (as well as other, less powerful, technocrats) was given a large degree of authority over economic policymaking, although ultimately his power depended on the acquiescence of the armed forces. The increased economic difficulties in 1982 and the election campaign of that year brought unprecedented criticism of the government's economic policies, criticism that ultimately found its way to Delfim. His anti-inflationary policies were attacked from both sides of the political fence: conservatives, such as former planning ministers

Roberto Campos and Mário Henrique Simonsen, called for tougher deflationary policies, while liberals, such as Celso Furtado, criticized Delfim's policies as causing unnecessary recession and called for, among other measures, a renegotiation of the foreign debt.

Industrialists and Landowners

Political groupings of industrialists and landowners in Brazil are not as powerful as one might expect in a nation with such vast economic resources. The largest organizations—the National Confederation of Industries, the National Confederation of Commerce, and the Brazilian Rural Confederation—were originally formed as part of the corporatist structure created under the tutelage of President Vargas. Forty years later these organizations retained their corporatist flavor and their dependence on the state in an essentially paternalistic relationship. Some analysts argue that post-1964 government policies with respect to such issues as wages and land reform are testimony to the influence of the groups. In other areas—particularly the growing importance of the state and of foreign economic interests—the interests of Brazilian businessmen have clearly not been served, however. The preservation of old systems of land tenure is attributed more to the electoral sphere—where the rural tradition of *coronelismo* guides peasants to vote the dictates of large landowners—than to the effectiveness of the Brazilian Rural Confederation (see Rural Society, ch. 2; Electoral Politics, this ch.).

In response to the ineffectiveness of traditional interest groups in combating the inroads made by government corporations and multinational corporations into areas of production previously held by the private sector, a number of new businessmen's associations were formed that by the early 1980s had proved to be more adept at lobbying government policymakers. Three of the more powerful groups were the Federation of Industries of the State of São Paulo, the Brazilian Association for the Development of Basic Industry, and the National Federation of Banks. These organizations were small, but they were well funded and highly visible in Brasília and in the national press.

Industrial and landowning interests also retained a direct role in policymaking in semiautonomous enterprises (*autarquias*), such as the Brazilian Coffee Institute and the Sugar and Alcohol Institute. These and similar *autarquias*, which function to promote exports and set prices, standards, and quotas for exports, are staffed by civil servants and by representatives of the relevant industries.

Liberal Groups

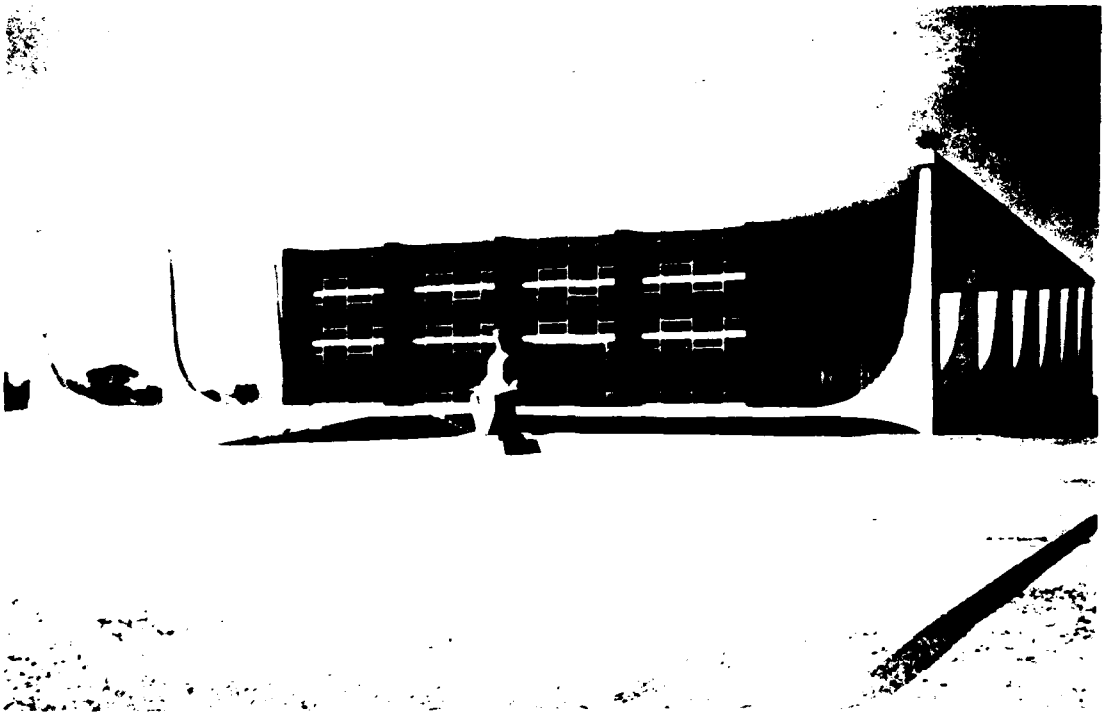
In the early 1980s the Roman Catholic Church and a number of incipient independent labor unions were by far the most significant liberal interest groups. Students were the most radical, but their importance diminished markedly after being severely repressed

during the late 1960s and early 1970s. A number of less significant organizations, many of which emerged during the post-1974 liberalization, could also be labeled as representing interests in the "liberal" camp. Organizations of women, which in the early 1960s had precipitated demonstrations that helped galvanize opposition to the João Goulart regime, assumed a liberal flavor in the 1970s as they sought equal rights for women, a quickened pace of liberalization under the military regime, and just solutions to the economic dislocation created by growing inflation. Blacks also sought equal political, economic, and cultural rights within a number of organizations, the most important of which was the United Black Movement Against Racial Discrimination. The Indigenous Missionary Council, an organization of the Catholic church, was formed in 1974 to defend the rights of indigenous people in Brazil's interior. The Brazilian Order of Lawyers was a professional organization interested in improving the system of justice and has often addressed the regime's abuses of human rights. Brazilians have long been noted as highly individualistic, however, and such organized pursuits of equal rights concerns were relatively new phenomena. Their future effectiveness was probably dependent on continued political liberalization.

The Church

The church in Brazil has been in the forefront of the growing activism of the Roman Catholic Church in Latin America since World War II. The major organ of this activist role has been the National Conference of Brazilian Bishops, which was created in 1952 and initially led by Bishop Hélder Câmara (later named archbishop of Recife and Olinda). The majority of Brazil's bishops deny that their activities are specifically political in nature; rather, they say, the cause of social justice for the poor and the victims of discrimination is a pastoral prerogative and a fulfillment of the teachings of Jesus Christ. Nevertheless, in Brazil (particularly during the 15 years following the 1964 coup) such activities inevitably became political in nature, given the lack of political institutions legitimately representing these interests. During the 1970s political observers all pointed to the church—because it was unique as an institution that enjoyed a degree of immunity from government repression—as the most effective voice of opposition to the regime. By the early 1980s *abertura* had changed that role; if and when the fledgling political parties and interest groups become stronger, the direct political involvement of the church may become redundant.

The political leanings of church officials, of course, are by no means homogeneous: sentiments vary from those who openly advocate socialism as a solution to income inequality (detractors of leftist prelates, such as Archbishop Câmara and Cardinal Paulo Evaristo Arns, archbishop of São Paulo, have dubbed them "red



Planalto Palace, Brasília
Courtesy Embassy of Brazil, Washington

bishops") to ultraconservative bishops associated with the São Paulo-based Brazilian Society for the Defense of Traditional Family and Property (an anticommunist lay organization founded in 1960 by Plinio Corrêa de Oliveira). Disagreement did occasionally surface, particularly with respect to the appointment of new bishops; but on the whole, the National Conference of Brazilian Bishops has managed to achieve a high degree of agreement and, after 1967, consistency in its public pronouncements against the military government.

Shortly after the coup the bishops issued a statement in favor of "the Armed Forces [which] responded in time and prevented the implantation of a Bolshevik regime from being consummated in our land." This was a reflection of the anticommunist sentiment of the majority of the church hierarchy, which sought to patch up relations with the new government as well as to diminish the influence of the so-called Catholic left, whose adherents had worked closely with radical student and rural labor organizations during the early 1960s. The position of the church soon began to change, however, as its personnel became victims of increased gove.nment repression. Harassment of church officials identified with opposition to government policies, charges of subversion against some, the expulsion of foreign priests, and the arrest and torture of numerous laity engaged in church activities increasingly led the Catholic hierarchy to oppose the government in order to defend the sanctity of the religious institution. In November 1967

the same Central Commission of the National Conference of Brazilian Bishops that only three and one-half years earlier had praised the new military government issued a document entitled "Why the Bishops Cannot Remain Quiet," in which they strongly criticized the government.

By 1970 such public expressions of the church went beyond self-defense to address the human rights concerns of the public as a whole. In that year the National Conference of Brazilian Bishops first publicly criticized torture, illegal imprisonments, judicial restrictions, and denials of habeas corpus. Human rights became a major concern of Cardinal Arns, and the Commission of Justice and Peace, an agency of his archdiocese, became the principal organization actively defending the victims of the regime's security apparatus during the early and mid-1970s. Church-led protests over the deaths of Vladimir Herzog and Manoel Fiel Filho in 1975 led to the definitive end of the practice of torture by government security agencies (see Threats to Internal Security, ch. 5).

A May 1973 document entitled "I Heard the Cries of My People," issued by 17 members of the church hierarchy in the impoverished Northeast, signaled the revival of the church in the role of social critic. It criticized the economic miracle, arguing that the regime's economic program had led to an increased concentration of income, structural unemployment, malnutrition, and inadequate housing, education, and health services for the poor. This role was maintained and refined during the next decade, when church officials became the chief activists on behalf of the nation's poor. In urban areas the church worked with labor unions and with residents of the growing shantytowns, called *favelas* (see Urbanization, ch. 2). In rural areas church officials concerned themselves with questions of land tenure and inadequate social services. Although the National Conference of Brazilian Bishops and other forums of the church hierarchy continued to speak out on such issues, perhaps the most politically significant vehicles for the church's social role were the grass-roots organizations known as ecclesiastically based communities.

First appearing in the early 1970s in the wake of Vatican II in order to relieve the workload of overburdened priests, the ecclesiastically based communities grew in number to an estimated 80,000 by 1980, having a membership of some 1.5 million. Attached to local parishes, most have purely religious functions, such as prayer and Bible study, although according to longtime observer Thomas G. Sanders, a large and apparently increasing number are "assuming an active role in articulating group interests, making changes in the community, and putting pressure on politicians and public officials to promote policies benefiting their interests." During the first decade of their existence, the ecclesiastically based communities limited their concerns to local issues, and

there was little linkage between the various organizations. Political observers took note, however, of their rapid growth and of the larger potential of the ecclesiastically based communities, which by the early 1980s were the most extensive grass-roots organizations in the nation.

Labor

Labor unions in Brazil, estimated to encompass 10 to 15 percent of the work force, were, by and large, weak institutions. On only two occasions in its modern history—the early 1960s and the late 1970s—has organized labor been an effective, independent voice of the working class. Otherwise, labor unions have displayed a remarkable continuity since the 1930s, when they were reorganized under the paternalistic, corporate controls of President Vargas' Estado Novo (see The Estado Novo, ch. 1). Labor's growing independence from state controls during the 1960-64 period was seen by some observers as one cause of the political crisis that culminated in the 1964 coup d'etat. After the coup the military government reasserted and refined the corporatist system, whereby the state controlled wages, union leadership, and finances and made strikes essentially illegal. Unions were not eliminated as they were under other South Amercian authoritarian regimes, but activities outside those sanctioned by the government were repressed. Many analysts at the time claimed that authoritarian control of organized labor—enforcing low wages in a growing export-oriented industrial sector—was the key to the viability of the development scheme pursued in these years. High wages, they argued, would cost Brazil its competitiveness in world markets. The 1978-79 period brought a reawakening of independent union activity, but the next three years saw reversals and left doubts among those who had hoped that the growth of independent and representative labor unions would keep pace with the process of political liberalization.

The corporatist nature of labor unions was reflected in labor legislation, which in the early 1980s still defined the union as an "organ of collaboration of the State." Unions were supervised and regulated in detail by the Ministry of Labor; comprehensive labor legislation guaranteed benefits, such as minimum wages, maximum working hours, and paid vacations; unions were financed by the government (from a union tax collected from workers); and labor courts, rather than collective bargaining, settled labor disputes. Perhaps the most pervasive instrument of state influence, however, lay in the control of union leadership. According to Sanders, the traditional union leader, known as a *pelego*, "has the mentality of a bureaucrat or administrator, and he is more concerned with maintaining the confidence of employers and government officials than that of the workers whom he theoretically represents. He is loyal to the system because of the access it provides to influence,

gifts, and positions in the labor courts and union hierarchy." On numerous occasions since 1964, the Ministry of Labor has removed more independently minded union leadership in order to reinstitute the system of *peleguismo*.

Competition among different unions for membership was precluded by law. Only one union per category of worker (profession) could be formed in any locale. Five or more unions in the same sector of the economy could form a federation; a minimum of three federations was required to establish a national confederation. A national organization of workers from a variety of crafts or skills was forbidden. *Peleguismo* dominated the leadership of the federations, the confederaions, and the smaller unions. The independent leadership that emerged first during the early 1970s as the trade union opposition (*oposição sindical*) then blossomed during the late 1970s, was found largely in local unions in the major urban areas.

The most prominent of these leaders was Luís Inácio da Silva (known popularly as "Lula"), president of the metallurgical workers union in the São Paulo suburb of São Bernardo. Often compared to Poland's Lech Walesa, Lula was the principal leader of several hundred thousand strikers who demanded that wages lost from the government's falsification of the inflation index (which determined wage increases) in 1973 be granted retroactively. In addition to metallurgical workers, strikers came to include teachers, television workers, construction workers, garbage collectors, and medical personnel; strikes spread from São Paulo to workers in the states of Rio de Janeiro, Minas Gerais, Espírito Santo, Paraná, and Acre. The strikes peaked in 1978 and 1979; in the latter year, a week after the inauguration of President Figueiredo, the strike in São Paulo was declared illegal, and Lula was placed under arrest.

The long-dormant National Confederation of Agricultural Workers (Confederação Nacional de Trabalhistas Agrícola—CONTAG) also became active during this period. In October 1979 some 18,000 sugarcane workers in Pernambuco struck and won large salary increases and a number of improvements in benefits and working conditions. The landowners failed, however, to observe the new contract, and much of the effort of CONTAG continued to be directed toward making landowners uphold these and other legal requirements, such as minimum wages and social security payments. Rural labor had an important ally during the late 1970s and early 1980s in the Catholic church's Pastoral Land Commission, which worked directly with peasants and rural proletariats, particularly in growing concerns over questions of land tenure (see Rural Society, ch. 2).

The lack of militancy displayed by workers from 1980 through 1982 was attributed to a variety of causes. Slowed growth, combined with accelerated inflation, led to greater government

willingness to repress wage demands; workers, aware of the growing pool of unemployed potential strikebreakers, were more cautious. Also, a new wage law in 1979 partially addressed the worker dissatisfaction of the previous years by making wage adjustments based on inflation and increases in productivity every six months rather than annually. Yet another factor was the growing division among the union leaders. After the successful 1979 strikes the new leadership (independent of the traditional system of *peleguismo*) had united under the banner of the Labor Union Unity (Unidade Sindical). The subsequent growth of a number of competing political parties, however, each vying for the allegiance of organized labor, led to the splintering of Unidade Sindical along party lines. It was reported in 1982 that the major division was between moderates, who retained the name of Unidade Sindical, and the more militant leaders, linked to Lula's Workers' Party (Partido dos Trabalhadores—PT), who called themselves the authentics (*autênticos*).

Students

Like students throughout much of Latin America, university students in Brazil have been the most radicaly leftist of organized interest groups. This was particularly true during the mid-1960s, when People's Action (Ação Popular—AP), a radical student group organized in 1962, worked closely with the Catholic left in the organization of workers and peasants until the coup and subsequently was in the forefront of organized opposition to the military regime. Institutional Act Number 5 of December 1968 and Decree-Law 477, issued two months later, prohibited all political activity by students or faculty and effectively quashed student activism until 1977. In the atmosphere of political liberalization that year, students organized protest demonstrations unlike anything seen in Brazil for almost a decade. During the next five years, large public demonstrations by students were not in evidence, although under the political liberalization of *abertura* leftist students revived the old National Union of Students (União Nacional dos Estudantes—UNE) that had been declared illegal in the wake of the 1964 coup.

Like so many of Brazil's associational groups, the UNE had been founded during the Vargas regime as part of the corporatist structure under the aegis of the state. During the Second Republic (1946-64) the UNE came under a variety of influences, and by early 1964 it was dominated by the radical AP. Both groups were officially abolished after the coup, but students reorganized clandestinely and in 1966 and 1968 spearheaded the two largest protest demonstrations during the early years of the military regime. The government formed its own student organization, but it failed to attract supporters and was abolished in 1968. The repression of late 1968 and early 1969 effectively put an end to

organized student activism for a period of eight years, although the initial impact was to drive many students into the revolutionary guerrilla groups that plagued Brazilian cities between 1968 and 1972. A 1973 study by Amnesty International reported that students accounted for some 40 percent of the victims of torture and assassination in Brazilian prisons during the early 1970s.

The decline in the quality of higher education during the military regime has been widely reported: between 1960 and 1980 enrollment grew from 100,000 to 1.5 million, while the percentage of the federal budget allocated to all levels of education went from 9.2 percent in 1961 to 13 percent in 1964, then declined steadily until 1977, when the percentage was a mere 3.6. By 1980 the federal education budget had reportedly grown to over 5 percent of the total, though tuition and fees in private universities (accounting for over half the total university enrollment) were also rising dramatically (see Education, ch. 2). When organized student protests reemerged in São Paulo in March 1977, it was these deteriorating conditions that provided the initial spark. Again in September 1980 all 57 of the nation's public and private universities went on strike for several days to protest increased fees and the general deterioration of university conditions.

Student activism with respect to larger political issues during the late 1970s and early 1980s was significantly muted compared with the heady days of the 1960s, however. Between May and August 1977 a number of demonstrations were organized (some of which turned violent) to protest police repression of the student activists. Demonstrators also called for the release of all political prisoners and the restoration of political liberties. The universities were relatively quiet during the next five years. The UNE was formally reconstituted in 1979, and its delegates endorsed a charter pledging to "fight against oppression" and to support "the demands of the working class." Several thousand students attended the annual congresses of the UNE in 1979 and 1980. The leadership elected at each represented a variety of leftist positions.

Electoral Politics

Electoral politics have had a checkered history in post-World War II Brazil. After being waged vigorously during the Second Republic by a multiparty system and a growing electorate, the post-1964 military government imposed an artificial electoral system designed to give the illusion of democratic competition while preserving the rule of the armed forces and their civilian allies. By the mid-1970s, however, the contrived opposition began acting like a real opposition, and the regime found it prudent to alter drastically the system that had been in place since 1965. A new law promulgated in 1979 governing political parties and a new electoral system, which had its first test in November 1982, reinstated the popular election of major federal, state, and local

officials. (The president, however, continued to be elected indirectly by an electoral college.) Critics argued, though, that executive officials would continue to use their legislative prerogatives (as they had in the past) to modify the electoral system further to their advantage. The next test of the evolving electoral system lies in the selection of the president: first, whether the opposition within the electoral college will have a hand in naming Figueiredo's successor in 1984; and second, whether future presidents will once again be elected by a popular, direct vote.

Political Parties

The origins of Brazil's political parties, like so many of its political institutions, go back to Vargas, who organized the rural-based Social Democratic Party (Partido Social Democrático—PSD) and the urban-based Brazilian Labor Party (Partido Trabalhista Brasileiro—PTB) in 1945 to support his declining political fortunes (see The Crisis of 1945, ch. 1). The National Democratic Union (União Democrática Nacional—UDN), the last of the three major parties that were to dominate electoral politics for two decades, was organized by Vargas' opponents. Neither ideological nor representative of constituent interests, these parties functioned to channel local political machines, headed by paternalistic bosses (*coronels* in rural areas) into the national electoral arena. Personalism pervaded the party machinery: delivering votes brought patronage in the form of government jobs, federal development projects, and cash to the local bosses. To a considerable extent this characterization of Brazilian party politics persisted into the 1980s (see Political Dynamics under the Second Republic, ch. 1).

The PSD was the most successful of the Second Republic parties (see fig. 9). Its candidates won the presidency in 1945 and 1955, and the party supported the PTB victor in 1950 (Vargas) and President Goulart (1961-64). Only during the brief incumbency of Jânio Quadros in 1961 was the PSD "out of favor" with the president, and it consistently dominated both houses of Congress. Nonideolgical, though conservative in the sense that it supported the status quo, the PSD attracted many traditional *coronels*, as well as bureaucrats, industrialists, landowners, and bankers who benefited from the Vargas and PSD economic programs.

The PTB acted as the "partner" of the PSD thoughout most of the 1945-64 period. Its strength grew steadily and culminated in the Goulart presidency. Its appeal was populist, drawing on nationalistic sentiment in calling for active state intervention in the economy and extended benefits for the working class. The makeup of the PTB was heterogeneous: Goulart was one of the nation's wealthiest landowners, while new urban middle and upper classes, as well as leftist intellectuals, were party adherents. The PTB tried, but generally failed, to gain a working-class following.

PRESIDENT (percentage)

	1945	1950	1955	1960
PSD	52.4	20.6	33.8	30.6*
PTB	—	46.6	—	
UDN	32.9	28.4	28.7	44.8
PSP	—	—	24.4	17.4
Other and void	14.7	4.4	13.1	7.2

SENATE/CHAMBER OF DEPUTIES (number of seats)

	1966	1970	1974	1978
Arena	43 / 254	59 / 223	46 / 199	41 / 231
MDB	21 / 150	7 / 87	20 / 165	25 / 189
Other	2 / 5	0	0	0

— means party did not run candidate

*Electoral alliance. In 1961 Vice President João Goulart (PTB) succeeded Jânio Quadros (UDN) as president.

CHAMBER OF DEPUTIES (number of seats)

	1945	1950	1954	1958	1962
PSD	151	112	114	115	122
PTB	22	51	56	66	109
UDN	77	81	74	70	94
PSP	4	24	32	25	22
Other	32	36	50	50	62

1982 ELECTIONS (number of seats)

	PDS	PMDB	PT	PDT	PTB
Governor	12	9	0	1	0
Senate	15	9	0	1	0
Chamber of Deputies	235	200	7	24	13

PSD Partido Social Democrático
Social Democratic Party

PTB Partido Trabalhista Brasileiro
Brazilian Labor Party

UDN União Democrática Nacional
National Democratic Union

PSP Partido Social Progressista
Social Progressive Party

Arena Aliança Renovadora Nacional
National Renovating Alliance

MDB Movimento Democrático Brasileiro
Brazilian Democratic Movement

PDS Partido Democrático Social
Democratic Social Party

PT Partido dos Trabalhadores
Workers Party

PMDB Partido do Movimento Democrático Brasileiro
Brazilian Democratic Movement Party

PDT Partido Democrático Trabalhista
Democratic Labor Party

Source: Based on information from "Brazil," *Europa Year Book, 1980: A World Survey*, 1, London, 1980, 1681; Riordan Roett, *Brazil: Politics in a Patrimonial Society*, New York, 1978, 66, 68, and *Folha de São Paulo*, November 27, 1982.

Figure 9. Election Results, 1945–82

Except during the brief rule of Quadros in 1961, the UDN acted as the opposition party thoroughout the Second Republic. Moderate and middle class, attracting urban professionals and conservative intellectuals, the UDN espoused amorphous issues, such as individual liberties, honesty and efficiency in government, and government decentralization. Essentially, it wanted to reverse the Vargas legacy. Many civilian allies of the military government were recruited from the UDN.

Eleven other parties competed in elections between 1946 and 1964. Only one of these, the Social Progressive Party (Partido Social Progressista—PSP), was significant in the electoral arena. Dominated by its personalist leader, Adhemar de Barros, it appealed to the urban lower class in the tradition of Vargas. PSP success peaked in the mid-1950s, then gradually waned.

Increasingly during the Second Republic, various parties formed temporary alliances for electoral purposes. This was especially true in congressional elections, where votes cast for alliances rose to over 40 percent of the total by 1962. Alliances ended on election day, however, and candidates elected on an alliance ticket assumed their positions in Congress as party members. Indicative of the shallowness in party platforms, the electoral system thus contributed to depriving the political parties of purpose beyond serving as electoral machines for personalistic leaders.

In the public's mind, nevertheless, these parties continued to retain their identities long after they were officially abolished in October 1965 under the provisions of Institutional Act Number 2. Two months later two new parties, the National Renovating Alliance (Alicança Renovadora Nacional—Arena) and the Brazilian Democratic Movement (Movimento Democrático Brasileiro— MDB), were formed under the terms of restrictive legislation that required new political parties to have at least 120 adherents in Congress. Arena, the majority party of the government, was formed largely out of the UDN and the conservative wing of the PSD; the MDB, the minority party of the opposition, was made up largely of the PTB, PSD liberals, and adherents of a wide spectrum of smaller parties. The contrived nature of these two parties, unrepresentative of national political sentiment, was widely acknowledged. For years the Brazilian press continued to include the pre-1965 party affiliation, in the political identification of politicians, e.g., MDB, ex-PSD.

The party system that was to persist until 1979 was further distorted by the government's practice of suspending, for a period of 10 years, the political rights of individuals they deemed threatening to their political designs. This action was taken against over 1,500 persons, mostly politicians. Not surprisingly, most were associated with the MDB. Such practices led to widespread cynicism and apathy among both politicians and voters during the first decade of military rule.

The Government Party

Cynicism and apathy favored Arena, which in 1970 gained overwhelming control of both houses of Congress, thanks largely to 6.6 million blank or spoiled ballots and another 10 million voters who did not bother to participate. Thereafter, however, Arena's fortunes steadily declined, and it faced the possibility of losing its congressional majority in the 1978 elections. In 1977 the

Geisel administration averted this possibility however, by closing Congress and amending the Constitution by decree so that one-third of the senators were elected in the state assemblies, which Arena controlled, rather than in direct, popular elections. Arena's association with the government gave it another advantage—access to patronage—which made it the most important party in rural areas and in most state and local governments, where the traditional political machinery of *coronelismo* was strongest.

Factionalism within Arena threatened it from its birth to its death under the November 1979 Law of Party Reform. The major division was defined by individual pre-1965 party loyalties. In addition to PSD and UDN factions, however, Arena was factionalized at the local level by personal loyalties. The government dealt with this factionalism among its supporters by an electoral device known as *sublegenda*, which allowed separate tickets to compete in elections under the same party label. Its effect was to institutionalize rather than resolve the factionalization that was inherited, in part, by Arena's post-1979 reincarnation as the Democratic Social Party (Partido Democrático Social—PDS).

The end of the *sublegenda* electoral device led a considerable number of Arenistas (members or adherents of Arena) in electoral districts where rival factions predominated, to shun the PDS. Other Arenistas joined the opposition in the belief that the momentum of political liberalization would inevitably lead to a loss of popular support for the new government party. Nevertheless, factional struggles between PDS candidates and powerful rivals within the party cost the PDS a number of important races in the 1982 elections.

Such factionalism was probably inevitable as long as the PDS lacked a cohesive party platform, having little identity beyond being the party of the government. The electoral strength of the PDS was strongest in rural areas and in the Northeast and North, where the powers of patronage and the tradition of "clientelistic" politics were strongest. Both its lack of ideological definition and its reliance on local political machinery to deliver votes gave the PDS a large measure of continuity with traditions first established in Brazilian political parties during the Vargas era.

Opposition Parties

The opposition party formed in December 1965, the MDB, was ineffective for nearly a decade. With political rights stripped from many of its principal leaders, gubernatorial and mayoral elections barred in many of its local strongholds, and little access to the patronage and other prerogatives of power granted its opponents, the MDB had few options. It boycotted the 1966 elections and lost disastrously in the 1970 national and 1972 local elections. Then its fortunes began to change. In 1973, for the first time, it nominated candidates for president and vice president, who gained a mere 76 of 502 votes in the electoral college. In the 1974 popular elections for

Congress, state legislatures, and municipal councils, however, the MDB made a surprisingly strong showing, adding 13 Senate seats and 78 seats in the Chamber of Deputies to its previous total. The electoral success of the MDB, attributed largely to the protest vote arising out of the nation's mounting economic difficulties, continued in the 1976 local and 1978 national elections. In all probability only the manipulation of the electoral system in 1977 and its complete overhaul in 1979 prevented the MDB from shedding its minority status to become the majority party in Congress.

Factionalism within the MDB, a heterogeneous agglomeration of groups from conservatives to Marxists who shared only their opposition to the government, was more rife than that within Arena. During its early years the principal division was between the "moderates" and the more leftist "authentics." With the passage of time each of these splintered further. The left was especially factionalized, the "authentics" dividing into the "historical" and "new authentics," and the "popular tendency" coalescing around Lula and others associated with organized labor. The "moderates" were divided by the questions of whether to collaborate with Marxists as well as whether to collaborate with the government. As anticipated by its architects, the November 1979 Law of Party Reform, which made it much easier to organize a political party than had the 1965 legislation, led to various MDB factions each forming its own party. A divided opposition, it was assumed, would be a less potent opposition.

Although some MDB leaders were glad of the opportunity to organize a party to distinguish themselves from other MDB leaders with radically different ideologies, still others held the opinion that a large, though ideologically diverse, party of the opposition could successfully challenge the PDS in the elections. It was this latter group that formed the core of the Brazilian Democratic Movement Party (Partido do Movimento Democrático Brasileiro—PMDB) in January 1980. A considerable number of disaffected Arenistas also joined the PMDB over the course of the next two years.

In February 1982 the PMDB received a tremendous boost when the Popular Party (Partido Popular—PP), after two years as the third largest party, disbanded in order to merge with the PMDB. The PP had been formed by an MDB "moderate," Tancredo Neves, and a dissident Arenista, Magalhães Pinto, to represent businessmen who generally supported the status quo but resented the domination of the government by the military and their technocratic allies. By early 1982, to many observers' surprise, the PP had gained nearly 100 adherents in Congress. The subsequent merger, prompted by a government ruling that disallowed alliances for the 1982 elections, contributed in large measure to the PMDB success in that election.

The PMDB remained factionalized, though less so than its predecessor, the MDB, had been. In 1982 the major sources of dispute seemed to be the inclusion of the leadership of the outlawed

Brazilian Communist Party (Partido Comunista Brasileiro—PCB) on the one hand and former Arenistas on the other. These disputes were suppressed for purposes of the 1982 election but in all likelihood would reappear in the future. The business faction surrounding Neves, formerly president of PP but made first vice president of the PMDB in 1982, may also reassert its separate identity.

In late 1982 the PMDB remained headed by Ulysses Guimaraes, who had also served as president of the MDB. During the early 1980s the PMDB had made a large effort to increase party membership and develop a widespread base of local organizations. It had the most success in the urban areas of southern Brazil.

The program of the PMDB, as articulated in 1982, called for the full exercise of the political rights of all citizens, including the rights of illiterates to vote, and free and direct elections for governmental representatives at all levels, including the presidency. Ultimately, the PMDB called for the convocation of a representative constituent assembly that would write a new, liberal-democratic constitution. Its economic program called for the renegotiation of the foreign debt, the lowering of interest rates, and public works programs to combat unemployment. It generally supported the government's independent foreign policy.

Although the 1979 Law of Party Reform was designed to ensure the division of the MDB into a number of parties, requirements for legal registration as a party were stringent enough to prevent an unstable proliferation of small parties. To compete in the 1982 elections, a party, therefore, was required to gain the support of at least 10 percent of the members of Congress or to have branch organizations in at least one-fifth of the *municípios* in each of at least nine of Brazil's 23 states. Three parties, in addition to the PDS and the PMDB, met these qualifications. To be legally recognized after 1982, a party will have had to receive 3 percent of the vote of nine states and 5 percent nationwide for the Chamber of Deputies.

The post-1982 fates of the three smaller opposition parties under such restrictions were uncertain. Perhaps the most endangered was the Brazilian Labor Party (Partido Trabalhista Brasileiro—PTB), organized in 1981 by Ivete Vargas, the niece of the founder of the original PTB, and Quadros, attempting a political comeback two decades after his brief presidential tenure. Similarly attempting to resurrect the urban populist tradition of the Second Republic was the Democratic Labor Party (Partido Democrático Trabalhista—PDT) of Leonel Brizola. The symbol of radical popularism during the early 1960s when he was governor of Rio Grande do Sul, then a federal deputy from Rio de Janeira, Brizola undertook a more moderate stance while in exile, where he was influenced by European social democrats.

The third party to be formed out the of opposition MDB between 1980 and 1982 was the PT. The PT was unique among all post-World War II Brazilian political parties in that it was organ-

Leonel Brizola, elected governor of Rio de Janeiro in November 1982 elections Courtesy United Press International

Franco Montoro, elected governor of São Paulo in November 1982 elections Courtesy United Press International

ized in a grass-roots fashion, rather than in the top-down, personalistic, and clientelistic tradition of other parties. In one sense it was forced into this position by the Law of Party Reform. Lacking the support of a sufficient number of congressmen to qualify for the 1982 election, it was allowed to compete only because of its widespread organization at the local level. Its grass-roots organization was, in another sense, a product of the belief of the PT leadership in democratic decisionmaking within the party to distinguish itself from the personalism that pervaded other parties.

Conceived in 1978 by the "authentic" trade union leadership, the PT elected Lula as its president at its first national party congress in 1981. Party membership was dominated by workers, both blue collar and white collar. The PT also attracted a number of students, leftist intellectuals and, especially in the rural Northeast, the Roman Catholic clergy. In 1982 the party claimed a membership of 300,000 in local organizations in all but one of the 23 states.

Because its membership adhered to a wide variety of leftist political philosophies, the PT had difficulty in articulating a concise platform of its own. Its long-term goal was the establishment of a vaguely defined socialism. In the short term it sought restrictions on the activities of multinational corporations operating in

Brazil and a variety of benefits for workers, including trade union freedoms and government programs to address unemployment and low wages.

Barred from participation in the 1982 elections, although operating openly in the early 1980s for the first time since 1964, were the pro-Soviet PCB and a variety of smaller, splinter communist groups. In 1980 the aged and longtime general secretary of the PCB, Luís Carlos Prestes, was ousted upon his return from exile and replaced by Giocondo Gervasi Dias. The PCB subsequently supported the PMDB in the 1982 elections, while Prestes was said to favor the PT. The major activity of the PCB during the early 1980s, however, was its concerted effort to gain legal recognition. Other communist parties, the products of earlier factionalization, included the Communist Party of Brazil (Partido Comunista do Brasil—PCdoB), formed in 1962, not to be confused with the pre-1960 PCdoB, which was pro-Albanian (formerly pro-Chinese); the pro-Cuba Revolutionary Communist Party (Partido Comunista Revolucionaria—PCR); and another Castroite group that had been active in the guerrilla activities of the late 1960s and early 1970s, the Revolutionary Movement of October 8 (Movimento Revolucionario 8 de Outubro—MR-8). A number of Trotskyite groups also existed, one of which, Socialist Convergence, was said to work closely with the PT (see Threats to Internal Security, ch. 5).

Elections under Military Rule

One important characteristic that distinguished military rule in Brazil from that in other Latin American nations ruled by military governments during the same period was the fact that elections continued to be held after 1964. Not all offices that had traditionally been filled by elected officials were contested, however. Formally elected by an electoral college, the president and vice president were, in fact, selected by the military hierarchy. From October 1965 until November 1982 state governors were indirectly elected by government-controlled state assemblies. After 1966 a large number of local mayors and councilmen in many of the most important *municípios* were appointed state governors. And finally, in 1978, half of the 44 contested senatorial seats were selected by the government-controlled state assemblies.

On one occasion—the 1980 elections for local government officials—scheduled elections were canceled. The major reason given by officials for this decision was that candidates would not have had time to prepare themselves, given the newness of the Law of Party Reform. With this exception, then, popular elections for some of the elected officials (federal deputies and senators, state assembly members, and most local mayors and councilmen) were held every two years between 1966 and 1982. (Another reason given for the 1980 cancellation was to bring local elections into step with state and national elections, so that henceforth

there would be elections only every four years.)

There were very few accusations of vote fraud made during those years. The Brazilian electoral code was administered and enforced by a widespread system of electoral courts, headed by the Superior Electoral Tribunal, which was generally accepted as efficient, honest, and nonpartisan. These courts lacked any power to alter the electoral system, however. This prerogative was used extensively by the federal executive through numerous constitutional amendments, as well as a new electoral code in 1965 that was amended repeatedly in subsequent years in order to retain political control over the system of government under the guise of democratic procedures (see Structure of Government, this ch.).

Elections were halted during the mid-1960s for the president, governors, and local officials in key *municípios* because military authorities believed that they would lose control of these positions should they be contested in popular elections. For a decade the government was able, through the Arena party, to win comfortable margins in elections for federal and state legislatures and in the overwhelming majority of local government contests. This was made possible by a combination of its holding a near monopoly on the benefits from patronage and *coronelismo*, gerrymandering and, when necessary, intimidation (such as revoking the political rights of powerful opponents). Heavy Arena losses in federal elections in 1974 and again in local elections in 1976 led the government to amend substantially the electoral code governing subsequent elections in order to retain its controlling majorities within the elected bodies.

The "April package," decreed in April 1977 after Congress had been summarily closed, addressed the 1978 federal elections. To prevent the opposition MDB from gaining a majority in the Senate, the regime amended the Constitution so that one of each state's three senators was selected in the Arena-controlled state assemblies. With respect to the Chamber of Deputies, the system of proportional representation was changed in two ways designed to increase the representation given to smaller rural states, where Arena held a stronger voter appeal. First, the minimum number of deputies for the smallest states was doubled to six; second, the number of seats accorded each state became calculated on the basis of total population, rather than the number of registered voters as in the past. Clearly, the higher proportion of nonvoters in rural areas meant that this subtle change gave additional representation to Arena-controlled states.

The 1982 elections—the first conducted under the 1979 law that created a multiparty system of electoral competition—were widely viewed as the most open and free elections in 18 years of military rule. Indeed, they included the first popular elections held for state governors since 1965. Of equal or greater significance, they were the first elections under the political liberalization of *abertura*

that had allowed exiled opponents to return under the 1979 amnesty, returned political rights to those who had previously had them revoked (the so-called *casados*), and ended the harsh media censorship that had been in place since 1968. More broadly, it was the first electoral contest since the January 1979 abrogation of Institutional Act Number 5, which had been the principal source of the military regime's dictatorial powers. Potentially the most significant aspect of the 1982 elections was that its victors—all the senators and deputies and six members of each state assembly—would comprise the electoral college that two years later would select the successor to President Figueiredo.

The liberalized atmosphere of the 1982 elections did not prevent the government, nevertheless, from what had become a tradition: the alteration of the electoral system to the advantage of the government party, now under the banner of the PDS. The size of the Chamber of Deputies was raised from 420 to 479; although government spokesmen stated that this reflected population increases measured in the 1980 census, others labeled the redistricting as a gerrymandering exercise and charged that the newly created districts were in regions of PDS strength. More clearly partisan in design was the voting procedure that emerged out of a series of electoral "reform packages" introduced between November 1981 and August 1982. A single ballot was used for all six electoral contests. The blank ballot contained only the title of each position to be filled (governor, senator, deputy, state assemblyman, mayor, and city councilman) followed by a blank space where the voter was required to write in the candidate's name or four-digit number assigned to each contestant. Furthermore, each voter was required to vote a straight party ticket. Ballots with votes that crossed party lines, those without a name or number after each position, and those indicating the name of the party, rather than the individuals of choice, were declared invalid.

All parties concerned agreed that these voting regulations were designed to favor the PDS. Such manipulation, in the Brazilian context, was considered a prerogative of those holding power. First of all, the complicated voting procedure led to many ballots' being invalidated; had 50 percent or more been invalidated, the entire election would have been annulled. Second, the straight party ticket (*voto vinculado*) requirement led rural voters, primarily concerned with local affairs in which PDS candidates were strongest, to vote for the PDS at the national level, where their candidates were often weaker than those of the opposition parties. Third, although the estimated 25 percent of the voting population that was illiterate had legally gained suffrage rights, the complicated procedures and the need to write a name or number on the ballot effectively barred them from casting a valid vote.

Legal manipulations designed to hinder the oppositions in electoral contests went beyond the electoral laws to include access

to the mass media. Restrictions on the media were far less than they had been previously, however. Censorship was first imposed in 1968. The degree of censorship varied greatly, from cases where every word was subject to prior censorship to those where only occasional, ex post facto censorship came into play. In general, however, it was not as stringent as the censorship practiced by many comparable regimes.

The most common explanation for this fact was the generally conservative point of view of the majority of the mass media organs. The government's own news service, Agencia Nacional, and its radio program, "Hora do Brasil," gave widespread distribution to its interpretation of events. REDE Globo (formerly known as TV Globo) was launched in the mid-1960s with considerable financial backing from private United States interests, and by the mid-1970s the highly successful network dominated 60 to 70 percent of the 45 million-viewer television audience. Its apolitical programming and conservative projection of the news made Globo enterprises, which diversified into magazines, newspapers, and radio stations, as well as nonmedia concerns, an important de facto supporter of the military government. A total of over 200 radio stations broadcast to an audience estimated in the mid-1970s at 85 million. Low literacy levels and a generally low consumption of printed media made television and radio (along with word of mouth) particularly important vehicles for the transmission of political values.

The most important daily newspaper was the conservative *O Estado de São Paulo*, having a daily circulation in early 1982 averaging 200,000 and nearly twice that figure on Sundays. The three other major dailies—*O Globo* and *Jornal do Brasil*, in Rio de Janeiro, and *Fôlha de São Paulo*—were also conservative. There were 23 additional daily newspapers, although their circulations were much smaller. A number of these smaller dailies, generally known as "alternative dailies," were inaugurated in the late 1970s and were openly critical of the government. Weekly newsmagazines had a considerable political impact. By far the most influential was *Veja*, published by large São Paulo corporate interests. *Isto É*, also from São Paulo, ran a poor second among weeklies.

Censorship was gradually eased during the late 1970s. By 1982 there was no prior censorship of the variety that had been ubiquitous a decade earlier. Even the technically outlawed PCB published its own newspaper. By no means, however, did it print whatever it wanted to: self-censorship was assiduously practiced by the "alternative dailies" and all other media that criticized the government. The 1979 National Security Law established prison terms up to 13 years for nebulous "crimes," such as "creating subversive propaganda" and "enabling or permitting . . . the use of communications media for the execution of a crime against

national security." Television and radio station managers and publishers were understandably careful to avoid such penalties. Certain subjects, such as the private lives of military officials, were taboo.

Self-censorship played a major role in limiting the subjects of discussion and moderating the tone of electoral campaigns. Another piece of legislation, popularly known as the Falcão Law (after its primary author, Armando Falcão) also restricted access to the media during the 1978 and 1982 electoral campaigns. During the two months prior to each of these elections, the Falcão Law limited television and radio campaigning to a small number of five-second spots (paid for by the government) showing only a photograph of the candidate, his name, party, and the position for which he was running. Debates or any statement of a candidate's position on an issue on radio or television were outlawed. The law was widely criticized, particularly because the president continued to appear on a weekly, prime-time television discussion, called "The President and the People," throughout the period up to the elections.

As had been widely predicted before the 1982 elections, the manipulation of the electoral laws and the mass media was not able to prevent (although it undoubtedly did lessen its magnitude) the victory of the opposition parties over the PDS in the gubernatorial and congressional races. Although the PDS won 12 gubernatorial seats as opposed to nine for the PMDB, the opposition won in all but one of the important industrial states in the populous southern part of the country. PDS victories were concentrated in the rural northeast. Brizola captured the state of Rio de Janeiro for the PDT; neither of the other two parties competing gained a gubernatorial seat. One surprise of the election was the poor showing of Lula's PT, which gained only about 10 percent of the vote in São Paulo, its regional stronghold.

The *voto vinculado* led to election results for other offices that closely paralleled the vote for governor. The PDS won 15 Senate seats, giving them a total of 46, or exactly two-thirds of the seats in that chamber. The PMDB won nine Senate seats for a total of 21. In the Chamber of Deputies the PDS won 235 and the PMDB 200, so that neither major party commanded a majority. The electoral college, to be made up of members of the national congress and those elected in the state assemblies, remained firmly in control of the PDS, thus enabling the government to control the indirect election of the successor to President Figueiredo in October 1984.

Foreign Relations

Brazilian foreign relations are highly complex and fraught with subtleties that often defy attempts to peg Brazil in easily definable categories. During the early 1970s Brazil's rapid economic growth,

coinciding with the rapid expansion of its diplomatic pursuits, frequently led analysts to refer to Brazil in such sanguine terms as "future world power" and "the first Southern Hemisphere star in the world galaxy." A decade later the increases in world petroleum prices, triggered by the Organization of Petroleum Exporting Countries, and the growth of Brazil's foreign debt had dramatically illustrated Brazil's ongoing vulnerabilities and led analysts to be much more circumspect in their projections of Brazil's future place in the world. Nevertheless, given that solutions would be found to these important problems of economic dependency, many observers continued to view Brazil as emerging into a position as an important world power by the turn of the twenty-first century.

The nation's leaders were careful to avoid the expression of such ambitions in an overt, chauvinistic fashion. Rather, they viewed Brazil's importance as the inevitable result of its geographic domination of the South American continent, its large population and, most importantly, its dynamic economy. Foreign policy was viewed, first and foremost, as a tool for the nation's economic development. In the early 1980s trade matters (particularly access to foreign markets in order to finance the balance of paments) topped the foreign policy agenda. For a nation that had been ruled by the military for nearly two decades, there was a strikingly small component of military power projection in its foreign relations.

The nation's growing economic strength allowed it to pursue foreign relations during the decade of the 1970s that were increasingly independent of the hegemonic political interests of the United States in the region. This orientation was in marked contrast to the periods prior to 1960 and immediately following the 1964 coup, when Brazil was perhaps the most devoted follower of United States leadership in the region. By the early 1980s Brazil's foreign policy orientation had much in common with the so-called "independent foreign policy" pursued under the administration of President Goulart during the early 1960s. Whereas Goulart's foreign policy had been the source of considerable controversy, two decades later similar policies failed even to evoke a debate prior to the 1982 elections. Whereas *abertura* sparked heated criticism of the domestic policies of the military government, in the arena of foreign policy there existed a remarkable consensus among the political elites in favor of the government's pragmatic, self-serving "no automatic alliances" approach.

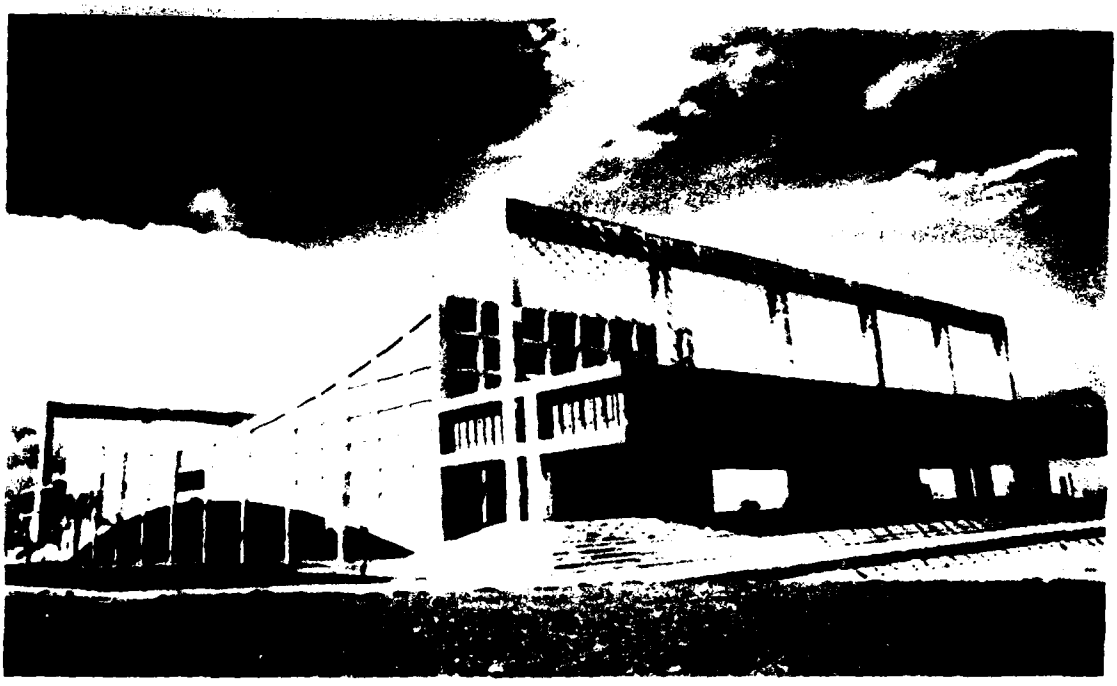
Foreign policy continued, as in the past, to be directed by the political elites surrounding the president. There was little room for policy input by Congress, academia, business, labor, and other such groups that play roles in the formation of foreign policy in more democratic countries. The Constitution requires Congress to approve most presidential actions in foreign affairs, including treaties, declarations of war and peace, the passage and stationing

of foreign troops, and the participation in international organizations. Since 1964, however, Congress' freedom to disagree with the president has been severely restricted. This fact was most clearly illustrated in 1974 when, having criticized Chilean president Augusto Pinochet, a congressman was prosecuted under the statues of the National Security Law that forbids any public insult of a foreign head of state. Although this law remained in effect in 1982, it might be expected that if *abertura* continued apace during the 1980s, Congress would gain a larger role in foreign relations through the participation of its foreign affairs committees.

Even in that event the preponderant role in decisionmaking would continue to reside with the president, his advisory and staff agencies, the military hierarchy, the Ministry of Foreign Affairs (known as Itamaraty, after the building it formerly occupied in Rio de Janeiro), and a number of other ministries within the president's cabinet. The delegation of authority and the interrelationships among these actors have varied according to the style of decisionmaking preferred by each president. Two trends were discernible: the growing importance of economics in foreign relations has brought influence to economically related agencies at the expense of Itamaraty, and the post-1974 political liberalization has lessened the institutional role of the military in foreign policy decisionmaking.

While discussions of foreign policy among these actors were more wide ranging under presidents Geisel and Figueiredo, the final decisions were more likely to be made at the top. Under previous military presidents, decisions were often delegated to military officials in the National Security Council (Conselho de Segurança Nacional—CSN), the National Intelligence Service (Serviço Nacional de Informações—SNI), or in the Armed Forces General Staff (Estado-Maior das Fôrças Armadas—EMFA). By the early 1980s the High Command of the Armed Forces (Alto-Comando das Fôrças Armadas—ACFA) retained an important foreign policy role through its control over military attachés stationed in foreign embassies, over the war matériel industry (increasingly important in Brazil's exports), over the Brazil-United States Military Commission, and over the Superior War College (Escola Superior de Guerra—ESG), which remained influential in defining national security concerns. Other individuals and bodies within the military establishment continued to influence foreign policy decisions, though largely on an ad hoc, rather than institutionalized basis.

Itamaraty has a proud tradition of service of over 100 years. It is considered one of the most professionally organized bureaucracies within the government and the most competent diplomatic corps among the nations of Latin America, or possibly the entire Third World. Candidates for Brazil's foreign service must have completed a university degree, then compete in a rigid entrance



Ministry of Foreign Affairs, Brasília
Courtesy Embassy of Brazil, Washington

examination, attend the Rio Branco Institute for diplomats for two years, then complete two additional years of on-the-job training before joining the elite diplomatic corps. Promotion is based principally on merit, although political considerations do play a part. In recent years the minister of foreign affairs has nearly always been a career diplomat chosen from among the so-called "inner circle" of Itamaraty. This group also includes the ministry's secretary general, its chief of staff, and a handful of department heads.

As economic matters have grown to dominate Brazilian foreign policy, numerous parts of the government's economic bureaucracy have entered the foreign policy stage at the expense of Itamaraty. The degree of influence of each often depends on the personalities involved. Under Delfim Netto, the Planning Secretariat played a crucial coordinating role, and the minister-secretary led many foreign trade missions abroad. During the Médici administration, Delfim had served as minister of finance, and that ministry often competed with Itamaraty for influence over foreign policy. The Ministry of Mines and Energy, with authority over powerful state corporations, such as Petrobrás, Brazilian Nuclear Enterprises (Empresas Nucleares Brasileiras—Nuclebrás), and the Companhia Vale do Rio Doce, which had major import-export roles, was also important. The Ministry of Agriculture and the Ministry of Industry and Commerce also preside over numerous agencies involved in the formulation and execution of foreign trade policy. The Central Bank of Brazil and the interministerial National

Monetary Council are the principal policymaking bodies in the area of international finanace.

Multilateral Relations

Few countries in the world participate in as many intergovernmental organizations, both global and regional in scope, as does Brazil. It was a founding member of the League of Nations (although it dropped out in 1928), and United Nations (UN), and the United Nations Conference on Trade and Development (UNCTAD); and it held membership in nearly all other specialized agencies of the UN. Brazil was one of the few nations that was a member of both the General Agreement on Tariffs and Trade (GATT) and the Group of 77. It was instrumental in the formation of the International Coffee Organization and the Cocoa Producers Alliance and participated in a host of additional multilateral commodity agreements. It was a member of the Organization of American States (OAS) and its specialized agencies and a variety of other inter-American regional organizations, including the Latin American Free Trade Association (LAFTA); its successor, the Latin American Integration Association (ALADI); and the Latin American Economic System (SELA). Finally, Brazil was an active contributor and participant in major multilateral lending institutions, the World Bank (see Glossary), the International Monetary Fund (IMF), and the Inter-American Development Bank (IDB).

During the late 1960s, when Brazil's participation in these organizations was growing precipitously, many observers saw Brazil as emerging as a natural leader of the nations of the Third World within these multilateral forums. For a variety of reasons, however, this never happened. In part this was due to political differences (Brazil being pro-capitalist, favorable toward multinational corporations, and not prone to blame the United States for the world's ills) with the majority of Third World nations that formed the Group of 77 within the UN. In part it was due to Brazil's own proclivities: "no automatic alliances" could apply to the Group of 77 as well as the United States. Brazil has proved to be a highly independent actor in the multilateral arena, unwilling to sacrifice what it perceives as its own interests for the sake of group solidarity.

While Brazil retained membership in a wide array of intergovernmental organizations, only rarely did it undertake major multilateral initiatives. For the most part Brazil played a quiet role and held limited expectations of its activities in multilateral forums. They were viewed as necessary for the projection of international stature, to avoid isolation (particularly in regional affairs), to prevent actions against Brazilian interests, and as valuable for informational purposes and to make contacts for subsequent bilateral diplomacy. Their value in the pursuit of national interests was seen as clearly secondary to bilateral relations.

Brazil was not averse, however, to assuming an active role when the activities of international organizations were perceived to coincide with its own national interest. This was the case particularly with the so-called access issues (markets, technology, energy and raw materials, and international financing) and commodity price stabilization concerns raised within the overall discussions of the "new international economic order." Thus, increasingly throughout the 1970s and into the early 1980s, Brazil was an active participant (although not a leader) in the so-called North-South dialogue taking place within the UN and a number of its specialized agencies. It is worth emphasizing that Brazil's position was not ideologically motivated but was based on the priority given to trade issues within its overall foreign policy goals. As one of the Third World nations with the most at stake in the present economic order, Brazil was able to play a moderating role in these forums, calling for orderly and gradual change.

Pragmatic economic concerns dictated shifts in Brazil's stance in the UN General Assembly during the 1970s. Being a major importer of Middle Eastern oil, it became a supporter of the Arab position with respect to the Arab-Israeli dispute following the 1973-74 oil crisis. The strength of that support became apparent in November 1975 when, in a very controversial action, Brazil voted in favor of Resolution 3379, which condemned Zionism as a form of racism. Brazil has used an honor traditionally granted it—giving the opening speech for each annual General Assembly—as an effective voice for its foreign policy concerns. In 1979 Minister of Foreign Affairs Ramiro Elísio Saraivo Guerreiro reiterated his nation's support for the end of apartheid in South Africa—support that coincided neatly with a leap in Brazilian trade with Black Africa. Then in 1982, when Brazil's foreign debt hovered precariously at unprecedented levels estimated at between US$60 and US$90 billion, President Figueiredo called on the General Assembly to help find solutions to the debt crises facing a number of Third World countries.

Access to international finance was also Brazil's major concern in its relations with multilateral lending institutions. After the 1964 coup, World Bank and IDB loans, which had virtually ceased in the inflationary and politically uncertain atmosphere of the preceding years, returned as a major component of Brazil's development financing. By the early 1970s Brazil was among the largest Third World borrowers from each institution. In 1977 this access was threatened by efforts in the United States Congress to link United States contributions to these institutions to borrowers' adherence to minimum standards of human rights. This effort failed, but in the early 1980s Brazil's access to conciliatory financing (long-term, low-interest loans) was again threatened by efforts to have Brazil reclassified, because of its rising gross national product (GNP), from a "developing" to "newly

industrializing" country. Being pegged with the majority of Third World countries also afforded Brazil important advantages in access, through GATT and UNCTAD mechanisms, to markets in the developed world. As of late 1982 Brazil had successfully fought for what one longtime analyst termed "the right to stay in kindergarten," although this issue was likely to reappear in the atmosphere of world recession, rising trade barriers, and declining commitment to foreign aid within the developed countries.

Brazil participates in a wide range of regional and hemispheric multilateral organizations, although it generally adopts a low profile. This is due, in large part, to its position within the hemisphere as the largest nation, after the United States and Canada, and as the only Portuguese-speaking nation. It does not feel, on the one hand, that it needs the force of numbers, as do smaller nations within the OAS, to negotiate with the United States. On the other hand, it does not wish to alarm its Spanish-speaking neighbors by assuming a hegemonic stance that could easily arise were its profile raised. In either instance its preference was for bilateral diplomacy within the hemisphere. In addition to the OAS and its specialized agencies, Brazil participated in a number of regional trade organizations, including ALADI, SELA, and the Río de la Plata Basin Treaty (with Argentina, Uruguay, Paraguay, and Bolivia). Again, however, it preferred bilateral trade negotiations, in which Brazil could be more dominant. Some analysts suggested that Brazil's primary interest in regional organizations was to make sure that its Spanish-speaking neighbors did not collude against that dominant position.

Brazil's newest venture in regional multilateral relations, the Amazon Pact, was initiated in July 1978 with the signing of the Treaty for Amazon Cooperation by the eight nations within the Amazon Basin. It is not an economic agreement, but a pledge by Venezuela, Colombia, Peru, Ecuador, Bolivia, Suriname, Guyana, and Brazil to cooperate in the protection of the Amazon ecology and in the planning of the development of the entire basin. Brazil took the initiative in forming the Amazon Pact after its unilateral efforts in the development of its massive Amazon region proved unsuccessful in many respects.

Latin American Relations

One author termed Brazil's 1978 Amazon Pact initiative as "the opening salvo in a campaign to transform its relations with Latin America." Although this may overstate the Brazilian effort of the subsequent five years, it does point out two important facts: that Brazil uses its multilateral diplomatic efforts in order to pave the way for efforts in the bilateral sphere and that Brazil's economic development goals led it to upgrade substantially its bilateral relations in Latin America between 1978 and 1980. Historically, Brazil had been oriented toward Western Europe and the United

States, turning its back, in effect, on its Latin American neighbors. After the 1964 coup the military regime's United States orientation, together with its colonization projects bringing settlements along its frontiers (seen in light of Brazil's adherence to the doctrine of *uti possidetis*—sovereignty based on settlement—in the fixing of its western borders during the early twentieth century), led to considerable unease among Brazil's neighbors (see Politics as Usual, ch. 1). Only Chile and Ecuador—the two nations in South America that do not border Brazil—did not fear, to some extent, potential Brazilian expansionism. Although concerns over Brazilian hegemonic designs in South America persisted in the early 1980s, they had been greatly alleviated by a series of bilateral agreements signed in the wake of the creation of the Amazon Pact.

Rivalry between Brazil and Argentina, the two most powerful nations of South America, has traditionally been one of the most salient features of the region's diplomacy. During the 30 years prior to 1982, however, Brazil steadily gained on its rival, which became mired in domestic political, economic, and social decay. The rivalry remained, although its significance diminished considerably.

The 1967 Río de la Plata Basin Treaty, instigated by Argentina, initiated the continuing efforts by the two powers to moderate traditional rivalry with cooperation in the exploitation of the region's resources. Further discussions between 1977 and 1979 led to the resolution of the remaining differences over hydroelectric plants on the upper tributaries of the Río de la Plata and also led to a series of agreements in the areas of trade, investment, and nuclear technology. In 1980 presidents Figueiredo and Jorge Videla visited one another's capitals: this was enormously important as a symbol of diplomatic thaw, being the first such presidential exchange in some 40 years.

Nevertheless, economic difficulties and fluid political situations, together with a number of specific unresolved issues in both countries, left the future course of Brazilian-Argentine relations uncertain. Although trade between the two had picked up in recent years, Argentine pride and fear of Brazilian domination could limit future growth. Argentina's reaction to the reduced flows in its river system, once the Itaipu Dam and other massive hydroelectric projects come on line during the 1980s, was also unpredictable (see Hydrography, ch. 2). In the area of national security, analysts pointed to a number of potential causes of strain. Further competition in the area of nuclear technology, as well as the idea of one or both nations' building a bomb, was the most dangerous long-term prospect. The two differed in their approaches to security in the South Atlantic: Argentina looked toward an alliance with Uruguay, South Africa, and Brazil, but the military leaders of Brazil, as of late 1982, had shown no interest in such an alliance. The Falklands/Malvinas war earlier in that year, during

which Brazil remained studiously neutral, dramatically brought the issue to the fore. Brazil's imminent entrance into the arena of conflicting claims on territory in Antarctica, in which its claims overlapped with those of Argentina, was also expected to complicate their relations with respect to South Atlantic security.

A major source of competition between Brazil and Argentina has been influence over the smaller, weaker so-called buffer states (Uruguay, Paraguay, and Bolivia) bordering both nations. An important measure of Brazilian gains in recent decades has been its diplomatic and economic inroads in these nations. These have been most significant in the case of Paraguay, largely the result of building the Itaipu Dam on the Rio Paraná on their mutual border. The political significance of the dam, the largest hydroelectric project in the world, transcends its economic importance in supplying São Paulo with a large percentage of its future energy needs and Paraguay with an estimated US$130 million annually in foreign exchange from the sale of electricity to Brazil. The project (financed entirely with Brazilian money) has led to the settlement of Brazilians and their buying a considerable amount of land in western Paraguay. In addition to increasing trade and financial dependence, analysts have pointed out that the security of the dam could be a motive for Brazilian intervention in Paraguay in the case of future civil disorders there.

After widespread, though unsubstantiated, reports of Brazilian collaboration in the 1971 coup in Bolivia that returned conservative military elements to power, Brazil was careful to project a low profile in its political relations with its politically unstable neighbor. Economic relations soared, however, after the signing of the Agreement on Industrial Trade Completion by presidents Geisel and Hugo Banzer in 1974. Considerable Bolivian development, particularly in its eastern lowlands around the city of Santa Cruz, was financed by the Bank of Brazil, while Bolivia sold natural gas and other raw materials to Brazil. Despite increased trade and substantial landholdings by Brazilians in Uruguay, Brazil has not outstripped the influence of Argentina in this final buffer state. One reason for this fact, perhaps, lay in the revelation that Brazil had been prepared to invade Uruguay during the early 1970s if it felt it necessary in order to keep the urban guerrilla Tupamaro organization from coming to power.

Chile has traditionally been Brazil's "ally" in its competition for influence in southern South America. Two geopolitical realities underlay this relationship: Chile's lack of fear of Brazilian expansionism because it does not border Brazil; and Chile's continuing dispute with Argentina over their boundary in the Beagle Channel, in which Brazil was officially neutral but unofficially tilted toward Chile. ("The enemy of my enemy is my friend.") Brazil's military leaders were glad to see Chile's Marxist regime overthrown in 1973, and the new president, General Pinochet, visited Brasília in

1974. A public display of too close a friendship was prevented, however, by Chile's pariah image in the United States and Europe and by its difficulties with Peru, Bolivia, and Argentina. Pinochet emulated the success of Brazil's military rulers, and close links were established between the security services of the governments. The real success of bilateral relations after 1973, however, lay in the rather spectacular growth in trade, which approached US$1 billion by the end of the decade. In general, Brazil exported manufactured goods (including a growing amount of military hardware), while Chile exported minerals, wood, and other agricultural products in return. Brazil also found opportunities for banking and direct investment in Chile during the late 1970s. Although superficially successful, the October 1980 visit by Figueiredo to Santiago revealed some mutual uneasiness between the two governments as Brazil proceeded on its path of political liberalization while Chile continued under an indefinite dictatorship. Ideology, which brought Brazil and Chile together during the 1970s, could, ironically, undermine that friendship in the 1980s.

Brazil has traditionally viewed its relations with the rest of Latin America as comparatively inconsequential. Brazil's drive to export manufactures and import energy during the late 1970s and early 1980s, however, did lead to several important breakthroughs in relations with countries that previously had been ignored. The most significant involved Mexico and Venezuela: exchanges of presidential visits between 1979 and 1981 with each country resulted in agreements to export oil to Brazil. Remarkably, Figueiredo's 1980 visit to Venezuela was the first by a Brazilian president in the twentieth century. The two share a border of several hundred kilometers. Bilateral relations had been severed between 1964 and 1969 and had languished during the 1970s until the opening provided by the Amazon Pact. It was uncertain what effect the 1982 announcement that Brazil planned to sell military equipment to Guyana (with whom Venezuela had recently pressed a substantial territorial claim) would have on the theretofore successful diplomatic opening between Brazil and Venezuela.

Figueiredo's 1981 visit to Peru, with which Brazil shares a border of well over 1,000 kilometers, was the first ever by a Brazilian head of state. Peruvian President Francisco Morales Bermúdez had visited Brazil in 1979. In addition to trade agreements, the Peruvian and Brazilian governments agreed to construct a highway between the two nations's capitals, which would become Brazil's first international highway link through its Amazon region. Visits and trade agreements were also concluded with Colombia and Ecuador at about the same time. Brazil would receive coking coal from Colombia and oil from Ecuador, as it had for several years.

In Central American and the Caribbean, Brazil generally deferred to the overwhelming influence of the United States. Slight inter-

est was indicated in the early 1980s, however, by a five-year energy accord signed with the revolutionary government in Nicaragua and a repudiation of foreign intervention in the region. Brazil was very cautious in opening relations with Cuba. An initial contact was not made until early 1982, when a group of Brazilian businessmen visited the island.

United States Relations

Brazil greatly expanded the scope of its foreign relations in the 1970s and early 1980s, but the United States remained its most important foreign relationship. Although it had lost its primacy of previous years (in 1960, for example, nearly half of Brazil's trade had been with the United States), the United States remained the single most important market for Brazilian exports, its largest single supplier of imports, its largest source of bank financing, and the largest foreign investor in Brazil.

From the Brazilian perspective, economic matters dominated the agenda between the two nations. This had not always been the case. The close cooperation between the Brazilian Expeditionary Force (Fôrça Expedicionária Brasileira—FEB) and the United Staes Army in Italy during World War II was the beginning of a long and fruitful consensus in matters of international politico-military strategy. When rising Brazilian nationalism combined with economic slowdown in the late 1950s and early 1960s to bring to power leftist-populists who threatened that consensus, the United States pursued a destabilizing policy against the government of President Goulart and then strongly supported the military government (many of whose members had been part of the FEB) that came to power in the 1964 coup d'etat (see The Presidency of João Goulart, ch. 1). The renewed consensus was symbolized by Brazil's supplying troops (including the figurehead commanding general) in the United States-sponsored intervention in the Dominican Republic. United States economic and military aid flowed freely into Brazil between 1964 and 1971.

In contrast, Brazilian foreign policy officials showed little interest in the politico-military agenda set by the administration of President Ronald Reagan in the early 1980s. Specifically, efforts to interest Brazil in the Central American problems and in a military alliance to protect the South Atlantic were either ignored or received coolly in Brasília in 1981 and 1982. United States support for Britain in the Falklands/Malvinas war of 1982 also diverged from Brazil's neutrality. In a more general sense, Brazilian leaders no longer shared, as they had during nearly three decades of consensus, the competitive bipolar geopolitical vision that had waned under the détente of the 1970s but was being renewed in the early 1980s. In a 1981 address at the ESG, Minister of Foreign Affairs Guerreiro was critical of both the United States and the Soviet Union who, in the renewed competitive climate, "seek to

reinvigorate alliances and blocs and to reaffirm vertically dependent relationships." In such an atmosphere, he continued, "the idea of an international community is replaced by a dichotomy of friend and enemy, in which the very concept of friendship is utilized as an instrument to further reinforce vertical dependence and the concept of loyal friend is corrupted to mean docile ally or satellite."

This jealously independent stance had emerged gradually over more than a decade, which had seen an increasingly self-confident Brazil willing to differ publicly with the United States when important self-interests were at stake and willing to sever ties no longer deemed necessary. In 1970 President Médici had unilaterally declared a 200-nautical-mile territorial sea off the coast of Brazil. Although at odds with the 12-mile position declared by the United States, a compromise was later made that allowed American shrimp boats to operate (upon payment of a tax) in the rich waters at the mouth of the Amazon. In 1974 Brazil loudly protested when the protectionist United States Trade Act and the imposition of countervailing duties on the importation of Brazilian shoes threatened its most vital export market. More important, 1974 saw the United States—concerned over nuclear proliferation and disturbed by Brazil's failure to sign either the 1967 Treaty of Tlatelolco, which prohibited nuclear weapons in Latin America, or the 1968 Treaty on the Non-Proliferation of Nuclear Weapons—remove some guarantees for the long-term supply of nuclear fuel. The guarantees had been part of a contract between Westinghouse Electric Corporation, which built Brazil's first nuclear reactor, and the Brazilian government. Brazil, counting heavily on nuclear power in its long-term development plans, was deeply disturbed by the United States government decision and the following year signed a wide-ranging nuclear power agreement with the Federal Republic of Germany (West Germany), which provided that the West Germans would supply facilities for nuclear fuel to Brazil.

The United States-Brazilian rift was exacerbated in 1977 when newly installed President Jimmy Carter pressured the West German government (without consulting Brazil) to cancel its two-year-old deal with Brazil. Although the Carter effort failed, Brazil was offended by what it viewed as United States efforts to undercut its sovereign rights. The issue remained a source of sensitivity that was partially alleviated by the new United States administration that in 1981 pledged to make every attempt to become a reliable supplier of nuclear fuel.

Another source of irritation during the Carter years centered on the issue of human rights. When the administration's first human rights report appeared in March 1977, it was uncompromisingly critical of the situation in Brazil; in response, the Brazilian government promptly announced the unilateral severance of their 25-year-old military aid agreement. Although United States military assistance

to Brazil had been minimal since the early 1970s, a number of United States military personnel were obliged to return home, and the rebuff was important as a symbolic expression of Brazilian independence.

The easing of the United States government stance with respect to human rights and nuclear safeguards under President Reagan held promises of marked improvements in bilateral ties. Indeed, Figueiredo's May 1982 visit to Washington was the first by a Brazilian president since 1971, and Reagan returned the visit the following November—his first official visit to a Latin American capital—in order to illustrate the importance the United States placed on its relationship to Brazil. Both visits were marked, however, by a growing list of complaints against United States policies which, Brazil claimed, were adding to its economic difficulties. When taken together, these disagreements created what Riordan Roett of the Center for Brazilian Studies at Johns Hopkins University termed in early 1982 "the increasingly tense economic relationship between Brazil and the industrial world, particularly the United States."

One area of concern was Brazil's foreign debt, which loomed as a potential problem to both countries. American banks, which held some 60 percent of these loans, were concerned about repayment, although they, as well as the United States government, maintained a descreet silence on the subject. Brazil was neither discreet nor silent, publicly condemning high interest rates in the United States as having greatly increased the burden of Brazil's foreign debt and calling on the United States to "loosen the pursestrings" at the World Bank and the IDB. The United States had led efforts to make multilateral loans less available to Brazil and to a handful of other nations it termed "newly industrializing nations" because of their relatively large GNPs, but a promised US$1.2 billion loan announced during Reagan's 1982 trip marked what Brazilians hoped would be the beginning of greater American cooperation with respect to Brazil's foreign debt (see Multilateral Relations, this ch.).

The other object of growing tensions in the early 1980s was in the area of trade. Brazilian government subsidies in the form of export promotions and growing protectionism in the United States combined to produce a series of trade disputes beginning in the late 1970s. For Brazil, the United States had begun to remove some Brazilian imports from its list of goods that enter duty free, under the generalized system of preferences. The United States was so irritated with Brazil over export subsidies that at one time during 1982 it threatened to declare Brazil in violation of GATT. In 1982 a number of suits by American businessmen to impose countervailing duties on the importation of Brazilian products that benefited from these subsidies were pending.

Publicly, United States officials denied any hiatus in the steady improvement of bilateral relations. Both nations had a lot at stake—nearly US$8 billion in trade in 1981 and many times that amount in American private capital in Brazil in the form of loans and direct investments. It was highly unlikely that either nation, barring an eruption in the political or economic order of major proportions, would jeopardize such a lucrative relationship by escalating matters of conflict rather than seeking compromise.

European and Asian Relations

Brazil's relations with Europe and Asia are overwhelmingly commercial in nature. Cultural ties are also strong with Portugal, West Germany, Italy, and Japan because of the large numbers of Brazilians who trace their origins to those countries (see Immigrants of the Nineteenth and Twentieth Centuries, ch. 2). Political relations with Portugal were important until the 1974 revolution in that country, which coincided with Brazil's sudden ending of its support for Portuguese policy in Africa and the Arab oil embargo (see Africa and Middle Eastern Relations, this ch.). Since that time, political concerns have taken a backseat to growing economic ties throughout Europe and Asia. The success of this effort has been marred only by occasional trade disputes with the European Economic Community (EEC) and with Japan.

Britain was Brazil's major trading partner throughout much of the nineteenth and early twentieth centuries. After World War II it was replaced by the United States, and trade between Brazil and Europe slowed markedly. This picture began to change, however, under President Goulart's "independent foreign policy," and Brazilian trade with both Europe and Asia began a gradual rise that continued into the early 1980s, when nearly one-third of the total was within these two regions (see Foreign Trade, ch. 3). In Western Europe, West Germany was Brazil's most important partner. The 1975 nuclear power plant agreement was a major component of their relationship, although trade was carried on in a wide variety of goods. West German direct investment in Brazil was considerable. Italy was also an important trader and investor in Brazil and, like West Germany, engaged in joint ventures with Brazil in the manufacture of numerous products, including weaponry. Trade with other EEC countries was less substantial.

Trade with the communist nations of Eastern Europe within the Council for Mutual Economic Assistance (Comecon) grew, albeit in fits and starts, from almost nothing in 1970 to the equivalent of almost US$2 billion by 1980. Trade with Comecon took a quantum leap in 1981 with a five-year, US$5 billion pact with the Soviet Union, which included Brazilian exports of soybeans and the importation of oil and hydroelectric turbines. Piror to this deal, Brazil's largest partner in Comecon had been Poland. Before 1980, when Brazil began to import Soviet oil, there had been a

running trade surplus with Comecon. In the political sphere, Brazil condemned the 1979 Soviet invasion of Afghanistan, although it attended the 1980 Olympic Games in Moscow and ignored the 1980 call by the United States for a Soviet grain boycott.

Relations were also cordial with China, and their modest trade relations were boosted by a 1980 oil contract. Japan, however, was one of Brazil's major trading partners (third, after the United States and West Germany in 1980) and was also a major source of investment capital. The Republic of Korea (South Korea) and Singapore were the next most important Asian trading partners at that time.

African and Middle Eastern Relations

During the 1970s Africa and the Middle East emerged suddenly as areas of primary foreign policy concern to Brazil. The foremost explanation for this development was easily defined: oil. The fact that Brazil imported about 80 percent of its petroleum needs and that those needs were substantial (Brazil was the largest oil importer in the Third World) dictated a major component of its entire foreign policy orientation (see Energy, ch. 3). Despite considerable and successful efforts to diversify its sources of imported petroleum, in the 1980s approximately one-half of Brazil's imported oil came from the Persian Gulf nations. Iraq, Saudi Arabia, and Kuwait were its most important suppliers.

Until the disruptions cause by the intermittent post-1980 Iran-Iraq war, the relationship with Iraq had been the most important. In return for oil Brazil undertook substantial public works projects and also sold a substantial amount of military equipment to Iraq. This trade continued between 1980 and 1982 during lulls in the fighting. It did not keep Brazil from also trading, albeit to a much lesser extent, with Iran during that time.

In northern Africa, Brazil also traded weapons for oil with Libya and Algeria (see Defense Industry, ch. 5). Food products and other manufactured products, such as automobiles, were also among Brazil's exports to the Middle East. Brazil had paid a political price for this trade. After having been moderately pro-Israel at the UN for 25 years, Brazil became staunchly pro-Arab in its voting posture, at the urging of Algeria during the October 1973 oil boycott. During the early 1980s outside observers noted an increasingly warm relationship between Brazil and the Palestine Liberation Organization at a time when loans from Arab financial institutions were on the rise.

Political considerations also played a role in Brazil's rapidly growing relationship with the nations of Africa. In 1969 Brazil changed its UN position from abstention to approval of an arms boycott against South Africa and a trade embargo against Rhodesia. Then in 1974 it ended its long-standing support of Portugal's Africa policy, and in November 1975 Brazil became the first

country (after Cuba and the Soviet Union) to recognize the Popular Movement for the Liberation of Angola (Movimento Popular de Libertação de Angola—MPLA) government in Angola. This latter decision raised a storm of protest within Brazil, which died down as MPLA control of the country became solidified and as Brazil's trade with Angola grew.

By the early 1980s Brazil had placed Africa second only to Latin America in its foreign policy priorities. The political posturing of the past decade had been looking toward future rewards in the commercial field that were beginning to be realized: Brazilian exports to Africa had grown from US$66 million in 1970 to just over US$1 billion in 1980. Brazil saw Africa as a natural market for its manufactured exports, particularly automobiles. It found considerable competition in this large and mostly untapped market, however, from the EEC, which granted preferential trade arrangements to its former colonies in the region. Brazil sought an edge by emphasizing that its products were "made in the tropics" and therefore specially suited to Africa, by pointing out the common language, in the cases of Angola and Mozambique, and the ethnic affinity of the large number of its Afro-Brazilian citizens, particularly with the people of Nigeria, where a great number of Brazil's nineteenth-century slaves had originated. Cultural exchanges have grown significantly with Nigeria and a number of other African nations. By the early 1980s Brazil was also a major provider of technical assistance in several African countries, being the source of technology especially suited to Africa for building dams, roads, and other infrastructure projects.

Throughout the 1970s Nigeria and Algeria were Brazil's two most important trading partners on the continent; Algeria steadily declined and Nigeria steadily increased in importance as sources of petroleum. Automobiles and steel were Brazil's most important exports to both countries, although in the case of Nigeria, Brazil's US$250 million exports in 1980 included a wide variety of products as well as technology transfers and joint manufacturing ventures. The scope of Brazil's relations with Angola grew steadily after 1975, and by the early 1980s it had passed Algeria to become second in importance. In 1980 Petrobrás signed a contract with Angola to increase Brazil's oil imports markedly and to engage in exploration and production in Angola. Because Angola had other minerals vital to Brazilian industry and Angola's needs for manufactured products, technology, and assistance in its economic development were great, it was viewed in Brazil as a major future trading partner. Mozambique was less important, but its trade with Brazil, too, was growing rapidly. Questions of ideology and the presence of Soviet and Cuban troops were a source of controversy during Brazil's initial dealings with these two former Portuguese colonies in the mid-1970s but were progressively less so as commercial interests were developed.

Brazil has strongly supported Angola and Namibia against South Africa in the UN, and it has consistently voted against South Africa in political matters in the UN for over a decade. The two maintained diplomatic relations, but Brazil's representative in Pretoria was only a second secretary. (South Africa had an ambassador in Brasília, although Brazilian officials had as little to do with him as possible.) In contrast, Brazil's commercial relations were vigorous and growing. Brazilian officials tried to play down the relationship, but South Africa was the largest African exporter to Brazil in 1979, and South African mining interests were reportedly investing in Brazil in the early 1980s. African countries (many of whom traded with South Africa themselves) criticized Brazil for the large volume of its trade with South Africa. Although less significant in the early 1980s, Brazil also had a growing commercial relationship with a dozen or more African nations. Most of these were in West Africa; Gabon and Congo also sold oil to Brazil.

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The best overall English-language study of Brazilian politics available in 1982 was Peter Flynn's *Brazil: A Political Analysis*. With the rapid pace of political events, however, it was becoming out of date, as was another first-rate study, Riordan Roett's *Brazil: Politics in a Patrimonial Society*. More up-to-date, although less comprehensive, was *Authoritarian Capitalism*, edited by Thomas C. Bruneau and Philipe Faucher. A series of articles on various topics by Thomas Sanders, published as American Universities Field Staff Reports, was also informative and relatively current. The most reliable current information was found in the *Latin American Weekly Report;* its sister publication on Brazil, *Latin America Regional Reports: Brazil*, both published in London; and *InfoBrazil*, published by the Center of Brazilian Studies at Johns Hopkins University. With respect to foreign policy, a large number of English-language studies were published between 1974 and 1982. One of the best was *Brazil in the International System*, edited by Wayne A. Selcher. (For further information and complete citations, see Bibliography.)

Chapter 5. National Security

Brazilian-built multipurpose vehicle mounting antitank missiles

BRAZIL AT THE END OF 1982 was neither beset by enemies from outside its borders nor unduly threatened by subversive elements from within. João Baptista de Oliveira Figueiredo was the fifth successive military president since the ouster of João Goulart in 1964. The most serious threat to the stability of the regime in 1982 seemed to come from disgruntled factions of the president's own party and from within the military rather than from leftist groups that have consistently opposed military rule. Figueiredo since taking office has backed the program of *abertura* (literally, opening) that promises to return the country to democratic processes, and it was this program that drew the wrath of the military hard-liners who favored rigid authoritarianism.

Figueiredo seemed an unlikely champion of democratization when picked by President Ernesto Geisel to be his successor. Not well known outside Brazilian army circles, he was the chief of the National Intelligence Service under Geisel. The son of an army general, Figueiredo began his military career as a teenager, finished first in his class at the Military Academy, then progressed steadily through officer ranks until reaching the four star general level. His career could be considered routine only if compared to the careers of other high achievers. The Brazilian army officer is expected to complete a series of demanding courses at military educational institutions and, for those who would become generals, high standing in every class is mandatory. Figueiredo measured up to the tough standards.

The new president had first come to the attention of outside observers as chief of the Military Household and concurrent secretary general of the National Security Council under President Emílio Garrastazú Médici. Later, as Geisel's chief of intelligence, Figueiredo was considered a proponent of the hard line or at least one who leaned in that direction. Many who opposed his selection as Geisel's successor did so because of the fear that *abertura* would be shunted aside and forgotten, but in office he has continued the move toward democratization to an even greater degree than his predecessor.

The 18-year (and continuing) rule by the military is out of the ordinary in the political history of Brazil. The armed forces have in the past often figured prominently in politics, but usually their stay in the political arena was of short duration, after which they returned to barracks. That changed in 1964, however, when the military perpetrators of the coup d'etat announced that they would stay in power as long as they considered their presence necessary. By 1982 there was some indication of a possible return of the presidency to civilian hands at the end of Figueiredo's administra-

tion in 1985, but there were no guarantees. In the meantime, the armed forces provided the principal power base to maintain the military regime.

As in many other countries where the armed forces have taken control of the government, the army has been the most prominent of the services in the political role. The five military presidents have come from the army, and army officers have been the most prevalent among the military selected for cabinet positions other than the navy and aeronautics posts. In addition to the usual governmental ministers, the cabinet also included the chiefs of the Civilian Household, Military Household, and National Intelligence Service. The latter two positions have routinely been filled by army generals and, at times, so also has the Civilian Household. Until 1981 in the Figueiredo cabinet, for example, that position was held by General Artur Golbery do Couto e Silva, who had held the same post in the Geisel cabinet and was referred to by some observers as the éminence grise of the military regime. Golbery had been considered the foremost proponent of *abertura* in the cabinet. Out of 16 ministers and five chiefs holding ministerial rank in the cabinet in late 1982, seven were retired or active-duty army generals or colonels, one (navy) was an admiral, and one (aeronautics) was an air marshal.

As for the military side of the armed forces in 1982, the army was the largest, numbering almost 183,000; the navy followed with about 47,000, and the air force had 43,000. Almost half of the total force (49 percent) consisted of short-tour conscripts, the overwhelming majority of whom served in the army. The air force had no conscripts, the navy had about 2,000, and the army had 132,000 in 1982. The advancing technology of weapons and equipment has put a burden on the services to recruit, train, and retain longer term personnel, and the army will no doubt require more regulars as its weapon systems become more complex. The number of regulars, however, has been determined by law, and a change would be necessary in order to raise the quota.

Until the late 1970s the armed forces had maintained close ties with the armed forces of the United States over several decades of the twentieth century. Brazil sent an expeditionary force to fight alongside American troops in the Italian Campaign of World War II, and for years after that experience many senior officers from the two armed forces maintained close personal and professional relationships. The postwar Brazilian forces were also equipped with American hardware—tanks, ships, and airplanes—which (along with the combat experience in Italy) led to the adoption of American tactics and strategies. Many Brazilian officers attended senior service schools in the United States, and many more received training in the United States-sponsored School of the Americas in Panama. Frictions between the governments, most notably those caused by the human rights policy of Jimmy Carter's

administration, interfered with the close military relations, and for a period in the late 1970s and in 1980 the relationship was in limbo. In 1977 the Geisel government even canceled the military assistance agreement that had existed since 1952. Military ties were resumed after President Ronald Reagan took office in 1981, but under changed circumstances. Brazil was buying major items of military equipment from various other suppliers and, much more important, its own armaments industry had mushroomed in the late 1970s to supply its armed forces as well as to export to countries in all parts of the world. In renewing the military bonds, the Brazilian leaders indicated that they expected a partnership rather than a sponsor-client relationship.

For the nearly two decades that the military has controlled the government, the leaders have placed extreme emphasis on internal security. Some observers have said that those leaders have been obsessed with the idea that major threats from subversion existed. Actually, since the 1969-72 period the security forces have had the situation well in hand, and no serious threats from organized subversives have been apparent. Responsibility for internal security ultimately rested with the executive in Brasília, but there were many agencies at federal and state levels—seemingly overlapping—that were involved in national security.

There has been a close relationship between the military forces, particularly the army, and the police, but all three armed forces have had agencies involved in what would usually be considered police activities. The commanding generals of the four field armies and two independent commands cover the entire country, and are responsible for internal security within their jurisdictions. The chief of the federal police force usually has been an active-duty army general, and each state has maintained a force known as the Military Police; these are, in effect, auxiliary army forces, the units of which are frequently commanded by army officers.

Position of Armed Forces in Government and Society

The Federative Republic of Brazil has been under the control of its armed forces since March 31, 1964, when Goulart, the last elected civilian president, was overthrown in a military coup d'etat. Five army officers have succeeded each other in the presidency without benefit of electoral politics: Marshal Humberto de Alencar Castello Branco—April 15, 1964, to March 15, 1967; General Artur da Costa e Silva—March 15, 1967, to August 30, 1969; General Médici—October 7, 1969, to March 15, 1974; General Geisel—March 15, 1974, to March 15, 1979; and General Figueirdo, who took office on March 15, 1979, under a 1977 law that provides a six-year term for the president. In addition to army, navy, and air force officers, civilians have held ministerial-rank positions in the cabinets of the five army presidents. Complaints of oppression and lack of democratic freedoms have been

heard from ordinary citizens and opposition politicians under the military regime, but the volume of such complaints decreased in the late 1970s and early 1980s.

Criticized by some, particularly during its first decade, as being a dictatorship and by others as being much too authoritarian, the government has attempted to reform itself and to change its image in the eyes of its own citizens as well as in those of its foreign critics. Under Geisel and Figueiredo a policy known as *abertura* has been followed, which is intended to prepare the country for a return to democratic processes and "open" those processes to the citizens. For example, direct elections to the federal Congress, as well as to state and municipal offices, were conducted on November 15, 1982 (see Electoral Politics, ch. 4).

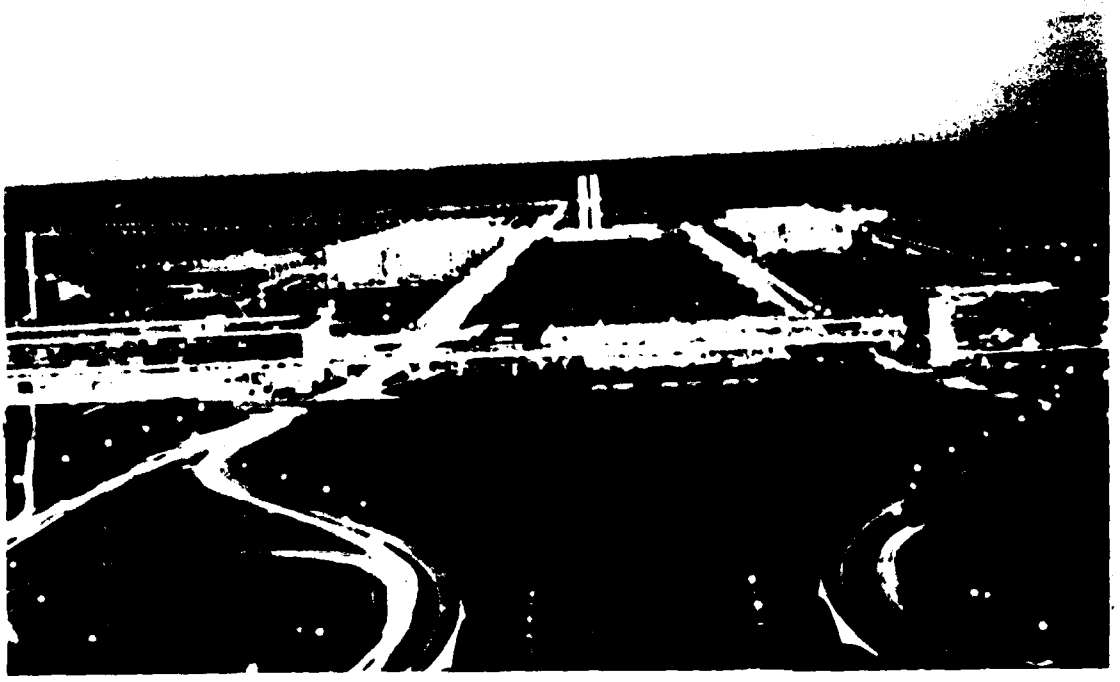
Constitutional Basis

The Constitution of Brazil, promulgated in 1967 and extensively amended (particularly in 1969), states that the country "is a federative republic, constituted—under a representative system—by the indissoluble union of the states, the Federal District, and the territories." That union (23 states, the Federal District of Brasília, and three territories in 1982) is made constitutionally responsible for national security and for the organizing of armed forces. The president of the republic has the power to declare war either when authorized by Congress or without such authorization should foreign aggression occur when Congress is not in session. The president is also designated supreme commander of the armed forces and is authorized to decree mobilization or to declare a state of siege.

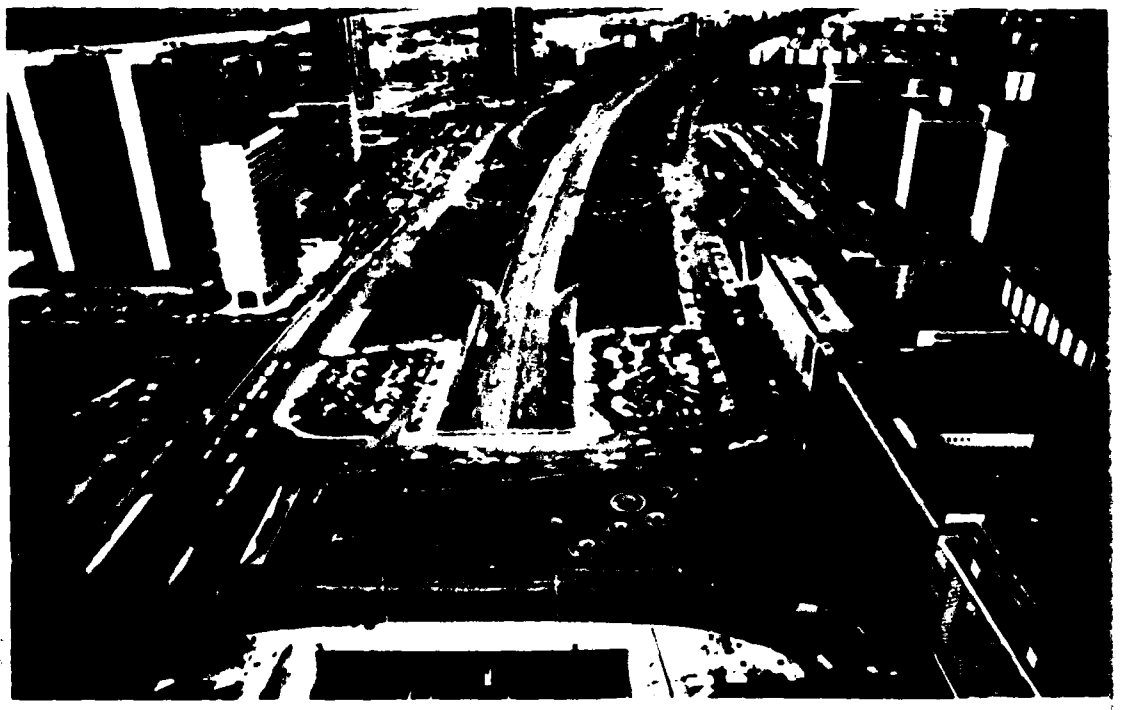
According to the Constitution, every citizen has a responsibility for national security; the specifics of such civic responsibility are to be defined in the country's enacted laws. Article 92 of the Constitution states: "All Brazilians are obligated to military service or other duties necessary to the national security, under the terms and penalties of the law." The same article, however, specifically exempted women and the clergy from military service, adding that they may be called for other kinds of duties.

The army, navy, and air force are established as "permanent and regular" national institutions, having defense of the country as their primary mission. The president, who would be director of a national war effort if that became necessary, is designated chairman of the National Security Council (Conselho de Segurança Nacional—CSN). The Constitution states that the organization, competence, and functioning of the CSN is to be regulated by law, and the size of the body may be expanded to include ex officio or special members.

Some idea of the importance placed on the CSN by the drafters of the Constitution may be gained from its wording. After stating that the council "is the organ of the highest level in providing



Brasília, at night
Courtesy Embassy of Brazil, Washington



Brasília
Courtesy Embassy of Brazil, Washington

direct advice to the president of the republic for the formulation and execution of national security policy," the document goes on to specify powers of the council including, for example, the power "to establish the permanent national objectives and the bases for national policy; to study, in the domestic and foreign spheres, the matters of importance to national security; and to indicate the areas that are indispensable to the national security and the municipalities considered to be important to it." The council is further empowered to give prior consent in those indispensable areas for "concession of lands, opening transportation routes, and installation of means of communication; construction of bridges, international roads, and airfields; and establishment or operation of any industry affecting the national security" (see Administration, Organization, and Training, this ch.).

Soldiers below the rank of noncommissioned officer (NCO) and sailors and airmen of like rank are constitutionally denied the rights of registration and voting, which are referred to as "obligatory" for most other Brazilians over 18 years of age. Being denied the right to register, the lower enlisted ranks consequently are denied the privilege of becoming candidates for elective office, a privilege guaranteed to other members of the armed forces. If a member who has less than five years' service becomes a candidate for office, he must be discharged. A member with more than five years' service is temporarily suspended from active duty during a political campaign but, if elected, must be transferred to reserve status as provided by law.

Military Traditions

The armed forces trace their origins to the sixteenth-century defense of colonial Brazil against constant French incursions along the coast of the vast Portuguese colony. The officers and men under arms in the early days, fighting the French or local Indians when necessary, were primarily from the home country and had been sent out as defense forces for the colonists. These forces were more than a match for the Indians who tried to fight the newcomers to avoid being enslaved, and they also proved capable of driving out the French who had tried to establish colonies in various places along the coast, as had a few English settlers who met the same fate as the French.

A more serious threat to Portuguese hegemony in Brazil came during the period 1580 to 1640, when Spanish kings ruled the entire Iberian Peninsula. The Dutch, during their long struggle for independence from the Spanish Habsburgs, had seized territory in Brazil as a blow against Spain. When the Portuguese regained control of Portugal, they made peace with the Dutch and did not insist that the latter withdraw from Brazil. The Brazilians, however, refused to accept the idea of permanent Dutch settlements and formed their own armed forces to end the Dutch

occupation of the area around Recife (see fig. 1). A sense of Brazilian nationalism stemmed from the final victories over the Dutch in 1654. The success of the purely Brazilian effort had a strong local and historical impact. The military force known as Terço de Ordenanças (Third Command), which was left in Bahia by Dom Fradique de Toledo Osorio during the campaign to expel the Dutch, may be considered the original unit of the Brazilian army.

For about the first three decades after Pedro Alvares Cabral landed on the coast of Brazil in 1500, the Portuguese had been satisfied merely to establish trading posts in the newly discovered lands, but they then decided that much more extensive colonization would be necessary if they were to prevent the European encroachment that had already started. In addition to sending some Portuguese armed forces for the defense of the colonists, Dom João III designated 14 captaincies (see Glossary) in his Brazilian territories and granted far-reaching powers to the colonial authorities. The Portuguese nobles who were made lords-proprietor of these immense land grants were responsible for defending the lands against foreign incursion, Indian attack, or slave uprising. Although most of the original captaincies failed economically, the private plantation defense forces, which provided the homegrown troops that drove out the Dutch, later became a tradition and formed nuclei of militias when Brazil secured independence early in the nineteenth century.

Since the achievement of independence in 1822, the country has been involved in five international conflicts. The first of two wars against Argentina was fought over territory along the Río de la Plata that both countries claimed. The fighting was inconclusive, but negotiations in 1828 resulted in the establishment of Uruguay as an independent republic on the disputed land (see The Emperor's Troubles, ch. 1). Trouble in the same general area in the early 1850s led to the ouster of Argentine dictator Juan Manuel de Rosas at the hands of combined Brazilian, Uruguayan, and dissident Argentine forces. Brazil and Argentina have remained at peace since that time. In the next war, during the 1860s, Brazil and Argentina were joined by the Brazilian puppet government of Uruguay in the so-called Triple Alliance against Paraguay. The conflict proved to be long and costly, almost destroying Paraguay but also financially exhausting the alliance partners in the process. Brazil also suffered heavy casualties. The length of the war, number of casualties, and the idea in the minds of some officers that the armed forces had not been properly supported by the rest of the society led to a new military mystique that stayed with the military through succeeding generations and continued to affect the governing of the country in the 1980s. The mystique led to the belief by army officers that the military had not only the right but even the duty to intercede when civilian governments appeared to

be consistently faltering. This concept, that is, the army as guarantor of constitutional powers, has been incorporated in all Brazilian constitutions since the late nineteenth century.

The next international conflict in which Brazil became involved was World War I, but that involvement did not include sending troops to Europe. In the early years of the war, the Brazilian authorities had been intent on maintaining strict neutrality; full diplomatic relations were continued with the Central powers. Pro-Allies sentiment was strong among the people, however, and by 1917 when German U-boats began torpedoing Brazilian freighters, diplomatic relations were broken, and a state of war was declared. Participation in the war was largely limited to naval patrols in the South Atlantic but, as a belligerent, Brazil was represented at the Versailles peace conference, thereby securing a measure of prestige as well as a share of German reparations.

At the outbreak of World War II Brazil was again quick to announce its neutrality, and the government—officially at least—held aloof from any action that seemed to favor either side. Germany had become an important trading partner during the 1930s and, because the United States was also neutral, Brazil did not feel uncomfortable in that category. It did, however, support the anti-Axis resolution of the Pan-American foreign ministers meeting in Rio de Janeiro in 1942. Shortly after the Japanese attack on Pearl Harbor, Brazil broke diplomatic and trade relations with the Axis powers. In the summer of 1942 a rash of U-boat sinkings of Brazilian freighters led to the abandonment of neutrality in favor of participation in the European war on the side of the Allies.

The Brazilian contribution to the war effort was considerably greater than it had been during World War I. The United States, for example, was permitted to establish air and naval bases in the Northeast, and American forces were allowed to use Natal in Rio Grande do Norte as a staging area for transit to Africa. The islands of Fernando de Noronha were made available to Allied forces as a base of operations for patrolling South Atlantic sea-lanes, and the Brazilian navy joined other Allied navies in antisubmarine defense, providing corvettes and destroyers for Atlantic patrols and for convoy escort duty.

In contrast to other Latin American countries, Brazil dispatched troop units to Europe to participate in combat. The Brazilian Expeditionary Force (Fôrça Expedicionária Brasileira—FEB), the first Latin American military organization in history to participate in combat in Europe, was about 25,000 strong when it arrived in Italy in June 1944 to become part of the American Fifth Army under command of General Mark Clark. The FEB's principal combat unit, an infantry division, was committed to combat in September and remained in almost continuous action for over 200 days, winning high praise from Allied leaders. After the war a

memorial statue of three servicemen was erected in the Parque do Flamengo on the Rio de Janeiro waterfront to honor the more than 400 servicemen who lost their lives during the conflict.

Although Brazilian armed forces have not engaged in combat since 1945, the country sent units to Suez in 1956, to the Congo (present-day Zaïre) in 1960, and to the Dominican Republic in 1965. The first two instances were in response to United Nations (UN) requests for multinational peacekeeping forces, and the third was in answer to a similar call from the Organization of American States (OAS) after President Lyndon B. Johnson had sent the United States Marines to intervene in Santo Domingo. Brazil complied by sending the largest contingent of troops, and a Brazilian general, Hugo Penasco Alvim, accepted command of the OAS force.

Since 1965 there have been no occasions for deployment of Brazilian troops outside the country. In the interim, the armed forces have been spotlighted in national affairs because of the successive military governments, and under those governments the forces have been more involved in domestic affairs than ever before. Part of the constitutional mission of the armed forces is to guarantee "law and order," and regular units have been employed frequently in roles that could be considered more appropriate to police than to military.

Political Role

A line in the Brazilian military anthem declares, "we are the guardians of the nation." The armed forces, more specifically, the regular officers of the armed forces, have traditionally given broader meaning to the phrase than mere defense against external foes. The military hierarchy has thought of itself as a stabilizing force, ready to intervene when necessary for the preservation of the country's laws and institutions. This view, however, was not only self-asserted but was also endorsed by civilian constituent assemblies that invariably charged the military with the duty of bolstering the political structure. In governmental crises in 1930, 1945, 1954, and 1961, various leading politicians and numerous writers appealed to the military to perform the role of "moderator" that had come to be expected by politicians and public alike (see The Vargas Era, 1930–45, ch. 1). Traditionally, the army has been prominent in military interventions in governmental affairs and it has been dominant in the military governments that have ruled since 1964.

Historically, the army had thought of its political interventions as temporary aberrations, that is, involvement in the political process until order had been established, after which the reins of government were returned to civilians and soldiers returned to their barracks. A turning point came in 1964, however, when the officers who perpetrated the coup labeled it a revolution and

established themselves as a new government. In late 1982 the military hierarchy was well into its nineteenth year as the government of Brazil, but some signs pointed to a return to democratic processes, and some Brazilians, as well as outside observers, were of the opinion that when his term ends in 1985, President Figueiredo might be followed by a popularly elected president. Others thought it would be 1991 before a civilian held the highest office (see Electoral Politics, ch. 4). The fact that Vice President Antônio Aureliano Chaves de Mendonça—a civilian—was permitted to fulfill his constitutional duties to assume the presidential responsibilities when Figueiredo was hospitalized in 1981 was seen as a step toward democratization. During a similar crisis in 1969 when President Costa e Silva was incapacitated, the military high command stepped in immediately to push aside the civilian vice president and keep the presidency in its own hands.

A key institution in the formation and evolution of the broadened concept of the military in post-World War II Brazilian life has been the Superior War College (Escola Superior de Guerra—ESG). Created in 1949, the mission of the college was stated as the preparation of selected military and civilian personnel for executive and advisory positions, especially in those government agencies responsible for the formulation, development, planning, and execution of national security policies. It is important to note that high-ranking civilians have always made up a substantial part of the student body at the ESG. A related institution having an important role in inculcating the same concepts of national security has been the Army Command and General Staff School (Escola de Comando e Estado Maior do Exército—ECEME). The curricula at both schools emphasized that the military, because of its expertise in national security affairs, must play the leading role in government (see Training, this ch.).

Economic and Social Role

The Brazilian armed forces have a long tradition of participation in so-called civic action programs and have made important contributions to the development of the economy. These programs have resulted in substantial achievement in the communications and transportation fields, particularly in the vast hinterland of the huge country. The army, for example, was responsible for much of the building of roadbeds and the tracklaying in the extensive railroad construction program and also built many of the highways to the remote border areas which, though largely uneconomical, had strategic importance. Army engineer construction battalions have also erected dams, power plants, and bridges.

The air force, through its Directorate of Civil Aviation, was responsible for the early development of civil air operations. In addition to subsidizing the purchase of equipment for private airlines, the air force also instituted airmail and passenger service

to sparsely settled areas that would not have been profitable for private companies. The navy carried out an extensive mapping program in the Amazon Basin region through its Directorate of Hydrographics and Navigation. Other naval components have provided rescue operations, medical assistance and training, and literacy programs.

An unusual contribution to the economy by individual officers of the three armed forces has been participation as executives in various commercial enterprises. Officers on detached service have headed state organizations, such as the Brazilian Petroleum Corporation (Petróleo Brasileiro—Petrobrás), the Volta Redonda steel mill, the merchant marine, the postal and telegraph service, some national railroads and airlines, the National Motor Plant, and some aircraft factories. The military services have also built their own equipment plants, munitions factories, and shipyards, which have provided considerable civilian employment in addition to conserving foreign exchange by restricting imports.

Perhaps a surprise to some critics has been the fact that during more than 18 years in power the military regime had not appropriated excessively large sums of money to build up the armed forces. For the fiscal year ending December 31, 1981, Brazil spent about US$1.7 billion on defense, which amounted to 7.8 percent of the overall budget of the central government. For comparison with other Latin American countries during the same period, defense spending in Argentina and Mexico accounted for 16.6 percent and 2.3 percent of their overall budgets, respectively. Less money was spent on defense by the military regime in the early 1980s than had been expended for the same purpose by the last civilian government during the early 1960s.

General Walter Pires de Carvalho e Albuquerque, minister of army, speaking only for his own service, said in 1980 that the army budget had been considerably reduced during the 1970s, and one independent estimate stated that the central government's budget allotted to the military had been reduced from 9.5 percent in 1976 to 7.8 percent in 1981. After the Falklands/Malvinas war in 1982, however, Pires and his navy and air force counterparts became vociferous in advocating much larger defense expenditures.

In its social role the military has served as a channel for upward social mobility. The officer class, predominantly of upper class origin in the nineteenth century, was estimated to be approximately 80 percent of middle-class origin in the 1980s. Because of their middle-class backgrounds, many officers reportedly shun the ostentatious life-style of the leading industrialists, but at the same time, they have not supported populist demands for more equitable distribution of income. The military hierarchy tended to view the high economic growth rate of the 1970s as a justification of its stewardship, but it has been reluctant to accept responsibility for the economic woes of the early 1980s and the failure of the

"trickle-down" theory to improve living conditions for the lower classes.

In the past the armed forces had a high level of acceptance among the general population. These attitudes were attributed not only to a long tradition of civic action but also to the army's general avoidance of violent confrontations with the poorest members of society who live in the shantytowns (*favelas*) around the major cities. The army preferred to leave the handling of public disorder to the police, except when the latter were unable to control a situation considered to be dangerous. In addition, soldiers did not become estranged from their own people, generally returning to their homes after a year or less of conscript service. Officers have not taken on the attributes of a separate class but have remained essentially middle class.

As the second decade of military rule nears its end, some officers have expressed the fear that their governing role over such a long period has hurt their image as professional armed forces and, according to this argument, a return to barracks is imperative. Others have argued that the country still needs the authoritarianism of military government and, in their view, a return to barracks would be irresponsible under existing conditions; therefore, democratization should be a slow process extending into the distant future. The social and political roles that the armed forces will play for the remainder of the twentieth century hinge on the outcome of this continuous debate within the military (see Conservative Groups, ch. 4).

Personnel

Maintaining the strength of the armed forces—about 273,000 in late 1982—did not cause a serious drain on the overall manpower pool. The country's population of almost 125 million, which ranked sixth in the world, easily supported the relatively modest strength of the armed forces and would even accommodate general mobilization without serious problems. Demograhic estimates for 1982 placed the number of males between the ages of 15 and 49 at 31,263,000, of whom 21,155,000 (67.5 percent) were judged fit for military service. Each year about 1,393,000 Brazilians reach age 18, at which time they become eligible for military service, although they are not usually conscripted until age 21. Service in the armed forces is compulsory for all males, but because of the large number of eligibles, only a few are drafted each year. The term of service for conscripts is one year, but they are frequently discharged one to two months before the end of their term.

Mostly for economic reasons the army tends to assign conscripts to units near their homes, and it is not uncommon, even for basic trainees, to spend considerable time at home rather than at the posts to which they are assigned. Most conscripts are drafted from cities rather than from rural areas because most large garrisons are

located in urban areas, and conscripts come from the areas surrounding the posts. Although the army has boasted about being a national integrating factor, Alfred Stepan, an authority on the Brazilian military, has referred to this assertion as "a gross oversimplification." In addition to saving money by drafting men who live near army posts, local commanders also prefer urban youths because they are more likely literate and, as weapons and weapon systems have become more highly technical, the need for literate conscripts has become much greater. The conscript's tour of active duty is usually devoted to basic training, weapons training, and unit training, which includes some field exercises.

Article 92 of the Constitution states: "All Brazilians are obligated to military service or other duties necessary to the national security, under the terms and penalties of the law." The implementing law requires military service from all males between the ages of 21 and 45. Because only a relative handful are selected for active duty out of the several million in the age category, most Brazilian males fulfill their military obligation as untrained reservists. There are different classes of reserves depending on age, previous service, or previous training in some kind of military school. Most reservists are untrained and, in effect, simply constitute a large manpower pool. Although in theory, reservists should receive some training and former conscripts should be recalled periodically for training tours, in practice, little such training seems to take place, probably because of funding restrictions. The viable reserve, therefore, would constitute the most recent classes of conscripts, that is, those discharged within the preceding three or four years. Other reservists would need extensive retraining or, in most instances, the full cycle of training given to new conscripts.

Defense Industry

Arms production by Brazilian industry began in a limited manner in the early 1960s with the manufacture of rifles, pistols, and machine guns under licenses secured from Belgium, Italy, and the United States, respectively. From that small beginning a large, thriving industry evolved, and during the next two decades aggressive Brazilian arms salesmen, spearheaded by military attachés, cornered about one-tenth of the world's arms deals, ranking the country seventh among arms exporters. In November 1981 Minister of Finance Ernane Galvêas led a group of 55 businessmen on a tour of the Middle East that reportedly resulted in lucrative arms contracts in addition to contracts for many other products.

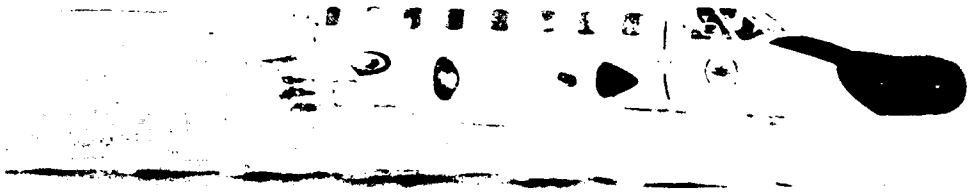
The arms business received its initial impetus from the military governments that have ruled since 1964. Convinced that Brazil was on the way to becoming a first-line power in the world, knowing that modernization of the armed forces was prerequisite to that development, and lacking the necessary capital to buy expensive weaponry abroad, the military leaders encouraged the

development of the domestic arms industry. Brazil's armed forces, however, could not possibly absorb the production of a major arms industry, and exports became mandatory. In a very short time the arms manufacturers had earned reputations for producing weapons and equipment of high quality and moderate technological complexity at reasonable prices, quickly attracting the attention of many Third World countries. Furthermore, there were no political connotations to the Brazilian arms deals as was so often the case with the Soviet Union and the United States, the two leading arms exporters. Income from arms exports was reported as US$1.2 billion in 1981 and was expected to be about US$1.6 billion in 1982, it was predicted to reach US$2 billion in 1983.

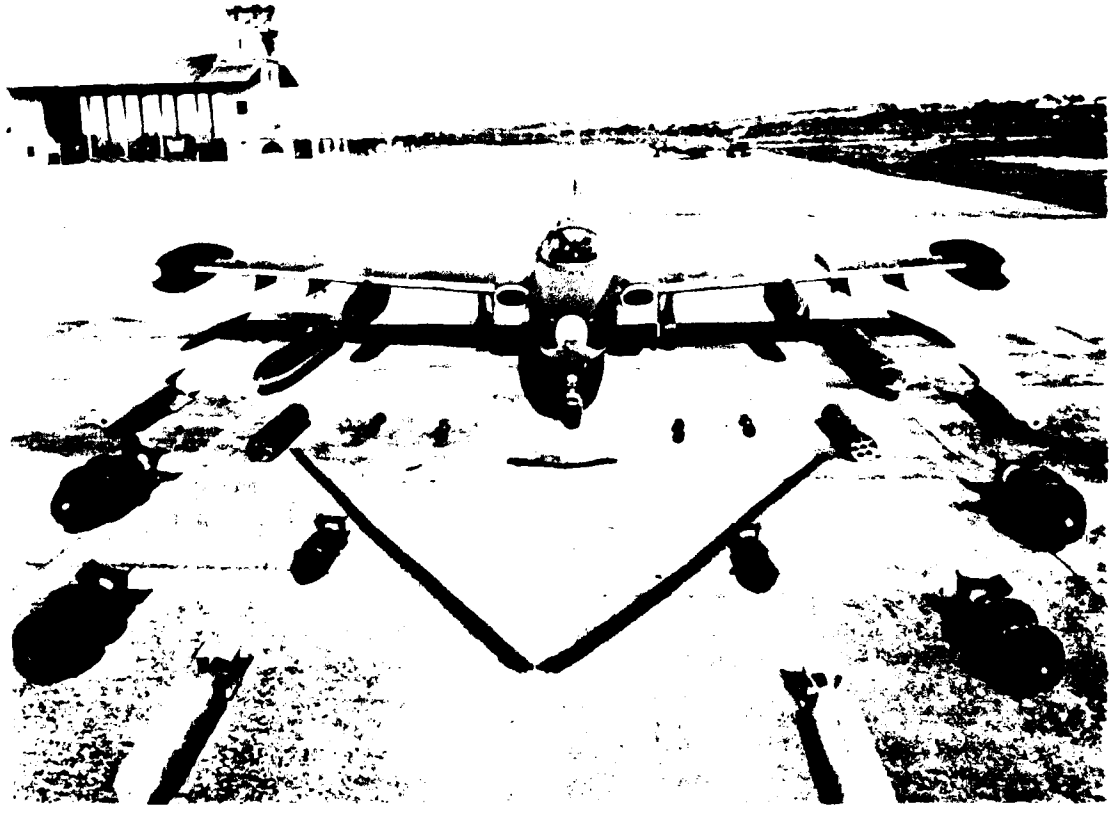
About 50 countries were using Brazilian military equipment or weapons in the early 1980s. Although most sales have been to Third World countries, others have also been attracted by the Brazilian exports. The United States, for example, tested the Urutu along with other amphibious armored personnel carriers in competition for employment with the Rapid Deployment Force, which on January 1, 1983, was upgraded and redesignated the Unified Command for South West Asia (SWA). The Urutu is made by Engesa (Engenheiros Especializados, meaning specialized engineers), the leading manufacturer of wheeled vehicles in Latin America. Two other armored vehicles that have become well known to armed forces around the world are the Cascavel and the Jararaca, also made by Engesa. Iraq purchased large quantities of Brazilian military equipment and, in effect, became a proving ground for Engesa-built armor, which was said to have performed admirably in combat during the Iraq-Iran conflict in the early 1980s. In addition to its armored vehicles—named, incidentally, after poisonous snakes—Engesa also produced a wide range of trucks for the armed forces and for export. Engesa was located in the heavily industrialized city of São José dos Campos in the state of São Paulo, about 100 kilometers northeast of the city of São Paulo.

Also located in São José dos Campos was Embraer (Empresa Brasileira Aeronautica, meaning Brazilian aeronautics enterprise), the country's foremost manufacturer of airframes. Brazil in 1982 had not yet begun to produce aircraft engines. In addition to its popular commercial airliner known as the Bandeirante, Embraer also made Xingu jet trainers and Xavante jet fighters for its own forces and for export. In 1981 Embraer was ranked among the top 10 aircraft producers in the noncommunist world.

The EMB-110 Bandeirante was designed by the Ministry of Aeronautics as a general-purpose military aircraft, but its civilian version has been purchased by as many as two dozen countries, including the United States, where it has been used by several feeder and commuter airlines. The Transport Command of the Brazilian Air Force had about 100 Bandeirantes in inventory in



The EMB-111 Sentinel (air force designation, P-95). Maritime patrol aircraft built by Embraer; powered by Pratt & Whitney turboprop engines.



The EMB-326GB Xavante (air force designation, AT-26). Ground attack aircraft built by Embraer under license from Aeronautica Macchi of Italy; powered by a Rolls Royce turbojet engine. Photographs Courtesy Office of the Air Attaché, Embassy of Brazil, Washington.

1982. The plane's military designation is C-95. A similar aircraft, EMB-111, was designed for maritime surveillance and designated P-95 by the air force. The Coastal Command used 12 P-95s in its patrol operations in 1982. Power plants (twin turboprop) for the EMB-110 and EMB-111 were supplied by Pratt and Whitney Aircraft of Canada. The AT-26 Xavante, named after an Indian tribe, is the Italian Aermacchi MB-326, a ground attack jet manufactured by Embraer under license. In addition to Brazilian Air Force use in both the Tactical Command and the Training Command, the AT-26 has also been sold to the air forces of Paraguay and Togo, which purchased nine and six aircraft, respectively. The Xingu (air force designation VU-9) is a twin-turboprop general-purpose transport and advanced trainer used by the Transport Command; it has also been used in Colombia, Britain, Belgium, and some Middle Eastern countries. In March 1982 France received the first two Xingus of an order placed in late 1980 for a total of 41 of the popular planes. The French will assign 25 to the air force and 16 to the navy for transport and training activities.

A new basic trainer for the Brazilian Air Force reached the production stage in 1982, and the first aircraft—EMB-312, designated T-27 Tucano by the air force—were scheduled for delivery to air force units before the end of the year. A São Paulo newspaper reported in October 1982 that Embraer had agreed to supply 100 Tucanos to Libya. Also reported in the development stage was the AMX, a supersonic jet fighter that will be coproduced by Aermacchi and Embraer with a view toward competing in the North Atlantic Treaty Organization (NATO) market.

Analysts estimated that in addition to Engesa and Embraer—the giants of the Brazilian armaments industry—from 25 to 55 other companies were producing various kinds of weapons and military equipment in 1982. Much of the production was for export. National planning was such that the arms producers did not overlap in production and did not compete with each other for markets. Some of the companies were privately owned, some were mixed public and private, and some were joint Brazilian-foreign enterprises. The government also operated several army arsenals and munitions factories, as well as three naval shipyards. As an example of joint ownership, Helibrás (Helicópteros do Brasil, meaning helicopters of Brazil) was owned jointly by Aérospatiale of France and the state of Minas Gerais, each owning 45 percent; the remaining 10 percent was owned by Aerofoto of Brazil. Helibrás began operations in 1980, assembling Aérospatiale Lama and Ecureuil helicopters, known in Brazil as Gavião and Esquilo, respectively. Eventually the factory, located in Itajubá, Minas Gerais, will manufacture helicopters rather than merely assemble them. Another example of a joint production effort was the building of two Niteroi-class frigates at the Rio de Janeiro

Navy Yard. Four of the frigates had been built in Britain by the Vosper-Thornycroft company on Brazilian order. For the remaining two ships, Vosper-Thornycroft set up and directed the construction at the Rio yard. But it was not only in collaboration with foreign companies that ships—both naval and merchant—were being built. Including production from its government-owned shipyards, as well as from privately owned facilities, Brazil ranks second among the world's shipbuilders.

Another company located in São José dos Campos—Industria Aerospacial, known as Avibrás—has been involved in the manufacture of rockets and missiles for several years. The respected newspaper *O Estado de São Paulo* in January 1981 referred to Avibrás as "a small and mysterious industry." Actually, the work done at Avibrás, both in research and in production, has been done at the behest of the Army Institute of Research and Development and the Army Department of Studies and Technological Research; although much of the work is classified, Avibrás and its products have become rather well known. Further, Avibrás is not a small company as indicated in *O Estado de São Paulo*. The Rio de Janeiro newspaper *Jornal do Brasil* said in April 1982 that Avibrás "will start operating the world's largest rocket factory in 1983," and the "bulk of its production will be earmarked for exports."

An interesting privately owned company is Bernardini, which has specialized in the reconditioning of old tanks. The army's tank force has consisted primarily of 75 M-4 Sherman main battle tanks (American World War II medium tanks) and about 250 Stuart M-3s and 300 Sherman M-41s, both American light tanks also of World War II vintage. Bernardini has mounted 90mm cannon in the Stuart tanks and changed the engine to diesel, thus extending the firepower, the cruising range, and the life span of the tanks. The M-41s were also converted, extending the operating range from 180 kilometers to about 600 kilometers, and the tanks were expected to be operational through the 1980s.

A Chinese military delegation, visiting Brazil in 1980 to inspect the products of Engesa, Embraer, and other armaments manufacturers, expressed interest in the Brazilian techniques for converting old tanks. The Chinese were evidently interested in purchasing the technology used by Bernardini, but in late 1982 it was not known whether agreements had been reached.

Administration, Organization, and Training

Under the Constitution the president is the supreme commander of the armed forces. In the broad area of national security, he is assisted at the top governmental level by a complex structure of agencies and offices that have overlapping membership and seemingly overlapping responsibilities. According to the Constitution the CSN is the highest level advisory group for national

security policy. The president is designated presiding officier of the CSN, and the vice president and cabinet ministers are listed as members ex officio.

The chiefs of the Civilian Household (Casa Civil), the Military Household (Casa Militar), and the National Intelligence Service (Serviço Nacional de Informações—SNI), all of whom enjoy ministerial rank, are also in the CSN, raising the membership to more than 20. But the Constitution also states that by the law that regulates the organization, competence, and functioning of the council, others may be admitted as ex officio or special members. In the early 1980s it was believed that the membership, in addition to those named, also included the chief of the Armed Forces General Staff (Estado-Maior das Fôrças Armadas—EMFA), the chiefs of staff of the three armed services, and various high-ranking generals and admirals who commanded the most important organizations and bases. In effect, the size of the CSN membership seemed large for its designated purpose, but some outside observers have expressed the opinion that the top military officials have the strongest voices in advising the president on security policy and decisionmaking (see Constitutional Basis, this ch.).

The president was also advised on subjects dealing with the armed forces and with national security by the three members of his cabinet who headed the service ministries, that is, army, navy, and aeronautics. Some analysts have concluded that even though the president was supreme commander, the three service ministers held a great deal of power within their respective services. The ministers of army, navy, and aeronautics in late 1982 were General Pires, Admiral Maximiano Eduardo da Silva Fonseca, and Lieutenant Brigadier Delio Jardim de Mattos, respectively. As ministers they were members of the CSN but were also called on for advice concerning their specific services in addition to their input to the major security body. A proposal to establish a defense ministry, made after the military takeover of the government, was set aside because of opposition from navy and air force officers who feared domination of such a central ministry by army generals.

The president was also able to call the members of the EMFA for direct consultation if he desired to hear from the armed forces chief of staff and the three service chiefs outside the CSN structure. Among the functions assigned to EMFA by decree-law are "to elaborate and propose to the President of the Republic principles, norms, and directives referring to subjects common to the Armed Forces." EMFA had a large staff of military personnel and civilians assigned to sections for personnel, intelligence, operations, logistics, mobilization and statistics, research and development, training, health, cartography, communications, and industry and technology. The office of the chief of staff of the armed forces does not have inherent power because the individual services have

jealously guarded their individuality and have not surrendered any of their prerogatives to the ostensibly higher body. In day-to-day peacetime operations, for example, the chief of the EMFA cannot be compared to the chairman of the joint chiefs in the United States structure.

Another ostensibly top-level armed forces agency, the High Command of the Armed Forces (Alto-Comando das Fôrças Armadas), was established by law in the 1960s to provide "assistance to the President on decisions relative to military policy and the coordination of subjects pertinent to the Armed Forces." A small group designed to act like a board of directors, theoretically it would not duplicate the functions of EMFA, which served as a headquarters staff for the three services. The members were the three service ministers, the chief of staff of the armed forces, and the three service chiefs. As far as is known, the High Command has not held regular meetings, and only a few of its essions have been recorded. One of the more important meetings concerned the presidential succession after Costa e Silva was incapacitated. The choice of a successor was discussed by officers down to and including colonels (navy captains), who were allowed to indicate their preferences to their superiors. The results of this very informal polling were transmitted to the High Command, which sat as an electoral college in choosing General Médici, commander of the Third Army, to be president.

In addition to the agencies and individuals already named, the chief of the Military Household is an important adviser to the president in the national security area. The Military Household provides liaison between the office of the president and EMFA as well as with the armed forces ministries and some other executive agencies. It is also responsible for the personal security of the president and the presidential palace. Brigadier General Danilo Venturini, chief of the Military Household under Figueiredo and also general secretary of the CSN, gave up the first position but retained the second in a change of cabinet appointments in late 1982. Brigadier General Rubem Carlos Ludwig, who had been minister of education and culture, took over the Military Household but not the CSN.

An agency established by the Castello Branco government in 1964, the SNI, quickly gained influence in national security affairs. A federal agency staffed by military personnel and designed to combine many of the functions of the United States Federal Bureau of Investigation and Central Intelligence Agency, the SNI was soon recognized as a locus of power within the military regime. Its first chief, General Golbery, was already well known as the author of books on geopolitics and as a strong advocate of the ESG ideology (see Training, this ch.). The SNI was established as a kind of clearinghouse for domestic and foreign intelligence and counterintelligence, and the scope of its activities spread into all facets of national security. By the end of the 1960s SNI agents

were present in every governmental ministry to ensure that all policy makers stayed abreast of national security requirements.

In the early 1970s the strength of the agent-staff of the SNI was estimated at about 200 military officers who were supported by an unknown number of administrative and technical personnel. Such an estimate was not available for the early 1980s, but the organization remained strong and influential. The chief of the SNI, General Octávio Aguiar de Medeiros in 1982, was a member of the cabinet and of the CSN. Two of the five military presidents—Médici and Figueiredo—earlier held the SNI post. The intelligence agencies of the three armed forces, as well as the federal and state police forces, had information-gathering intelligence units that fed the central files of the SNI, ensuring that dossiers existed on any Brazilian of interest to the federal authorities. Stepan in *Authoritarian Brazil* (1973), referring to the system and criticizing its reputation, said, "The result has been the creation of a vast information-gathering network, using both the most modern techniques of data processing and retrieval and the most medieval methods of 'data extraction,' that penetrates all private institutions and levels of government."

Army

The army, for a variety of reasons including its size, deployment, and historical development, is the most influential of the three armed forces. Senior army generals have occupied the presidency since 1964, and of the many military officers who have held cabinet posts during that time, most have been army generals and colonels rather than navy or air force officers. In late 1982, in addition to the three service ministries, active or retired officers headed the ministries of communications, interior, mines and energy, and the newly created Special Ministry for Land-Related Issues, as well as the Military Household and the SNI. General Pires, who at one time had headed the federal police forces, had been appointed minister of army by President-elect Figueiredo and has held the office since the latter was inaugurated on March 15, 1979. Cabinet ministers served indefinite terms at the pleasure of the chief of state.

The London-based International Institute for Strategic Studies (IISS), in *The Military Balance, 1982-1983,* listed army strength at 182,750 (the same as the previous year) out of a total armed forces strength of 272,850. The army, therefore, accounted for about 67 percent of the total. The IISS also estimated that 132,000 conscripts served in the 1982 Brazilian army, a high percentage considering the short conscript tour (usually nine to 10 months) and the need for literate and skilled young men to handle modern weapons. In effect, the army has served as a training ground for a large reserve force. Its highly professional officer corps and NCO corps would serve as a nucleus around which the trained reserve

would be mobilized if required.

The army was deployed territorially in four numbered field armies—First, Second, Third, and Fourth—and two independent commands, the Amazon Military Command and the Brasília Military Command. Under these six major field commands, the country was divided into 11 sequentially numbered military regions. The First Army, headquartered in Rio de Janeiro, historically has had the best troop units and the most modern equipment because of the importance of Rio to the overall economics, politics, and culture of the country, even after the move of the capital to Brasília in 1960. The Vila Militar, the city's garrison or military community, continued to be regarded as one of the most important centers of military influence in the entire country, and command of the First Army has always been a coveted assignment because of the influence wielded by the incumbent. In 1982 the First Army was commanded by General Heitor de Almeida. The two military subdivisions of the First Army were the 1st Military Region, comprising the states of Espírito Santo and Rio de Janeiro, and the 4th Military Region, the borders of which were the same as those of Minas Gerais.

Next in importance among the four field armies was the Third Army, under the command in 1982 of General Tulio Chagas Nogueira, whose headquarters was located in Pôrto Alegre. The Third Army's importance derived from its historically strategic location in the extreme south of the country. It included the 3rd Military Region, consisting of Rio Grande do Sul, and the 5th Military Region, comprising Santa Catarina and Paraná. Those three states border Uruguay and Paraguay and were the scenes of hard-fought wars in the nineteenth century. The whole area has been considered of strategic importance since then, and the Third Army has been kept strong in troops and equipment.

Having noted the importance of the two armies that control the area along the southern Atlantic coast, it must be said that the Second and Fourth armies were also important organizations, although they were not maintained at the same level as the more prestigious First and Third. All armies were commanded by four-star generals, and all of those commanding generals were members of the Army High Command along with the minister, the chief of staff, and about four other four-star generals who occupied high-level staff positions. The Second Army, headquartered in São Paulo and commanded by General Sergio de Ary Pires in 1982, included the 2d Military Region, encompassing the state of São Paulo, and the 9th Military Region, comprising the states of Mato Grosso and Mato Grosso do Sul. The Fourth Army covered Brazil's northeastern bulge, the area that was so important to the World War II Allies for patrol of the South Atlantic and easy access to Africa. Army headquarters was located at Recife; the 6th Military Region included Bahia and Sergipe, and the 7th Military Region

included Alagoas, Pernambuco, Paraíba, and Rio Grande do Norte. The commmander of the Fourth Army in 1982 was General Enio Gouveia dos Santos.

The Amazon Military Command was larger by far than any of the field armies, but because it was located in the sparsely settled backcountry, it did not rank in importance with the other field commands. It contained the 8th Military Region, which was made up of the states of Rôndonia, Acre, Amazonas, and Pará, and the territories of Roraima and Amapá; and the 10th Military Region, containing Maranhão, Piauí, and Ceará. Headquarters of the Amazon Military Command was located in Manaus. The remaining field command was the Brasília Military Command, headquartered in the capital. This command contained the 11th Military Region, which consisted of the state of Goiás and the Federal District.

Subordinate to the armies, independent commands, and military regions were the major tactical units that in 1982 consisted of eight divisions, each containing four armored, mechanized, or motorized infantry brigades, or some combination of such. In addition to the divisions there were also three independent infantry brigades, two parachute brigades, and five light jungle units ranging in size from battalion to brigade. The divisions and separate brigades contained organic combat support and service support units. There were also support units—engineer, communications, and the like—at army level.

Navy

The navy is the senior service, tracing its heritage to the tiny Portuguese ships and crews that protected the earliest coastal colonies form seaborne marauders. The minister in 1982, Admiral Fonseca, assumed office on March 15, 1979, when President Figueiredo was inaugurated. The minister and the naval chief of staff (Admiral José Gerardo Albano de Aratanha in 1982) were both ex officio members of the CSN and the High Command.

Naval operations were directed from the Ministry of Navy at Brasília through six naval districts and one fleet command. The First Naval District was located at the country's main naval base at Rio de Janeiro. Other naval district headquarters locations were as follows: Second, Salvador; Third, Recife; Fourth; Belém; Fifth, Florianópolis; and Sixth, São Paulo. In addition to the cities where the district headquarters were located, other important naval bases were Ladário near Corumbá on the Rio Paraguai, and São Pedro da Aldeia Naval Air Station at Rio de Janeiro.

Total naval strength in 1982 was estimated to be slightly over 47,000, including the naval air arm and the Marine Corps (Corpo de Fuzileiros Navais). Only about 2,000 conscripts served in the navy. The flagship of the oceangoing navy was the aircraft carrier *Minas Gerais* (the ex-British H.M.S. *Vengeance*), which has been

in service since 1945. Purchased from Britain in 1956, the *Minas Gerais* was reconstructed in the Netherlands in 1960 and extensively refitted in Brazil in the late 1970s, but in the view of many Brazilian and foreign observers, it was obsolescent and should be retired by the end of the 1980s if it could be replaced. Because of interservice rivalry between the navy and the air force, only the latter was allowed to operate fixed-wing aircraft. The complement of aircraft carried by the *Minas Gerais* included six Grumman S-2A antisubmarine planes in addition to several Sikorsky SH-3D Sea King helicopters and Aérospatiale HB-350 Esquilo helicopters. The S-2A aircraft were flown by air force pilots, and the helicopters, by navy pilots. In late 1982 the crew with full air complement consisted of about 1,300 officers and men. The interservice imperatives of who is allowed to fly what kind of aircraft cause what some critics called serious command and control problems. Nevertheless, the anomaly has existed since 1965 when Castello Branco decreed the division of responsibilities in order to settle the navy-air force dispute.

The pride of the surface fleet in the early 1980s focused on the six Niteroi-class frigates that entered service in the late 1970s. Named *Niteroi*, *Defensora*, *Constituição*, *Liberal*, *Independência*, and *União*, the frigates resulted from a contract between the Brazilian navy and Vosper-Thornycroft of Britain that called for the building of four of the ships in Britain and two in the Rio de Janeiro Navy Yard. A seventh frigate of similar design but modified to become a training ship was under construction in Rio in 1982. The first four frigates are specifically designed for antisubmarine warfare (ASW) as opposed to the other two, which are general-purpose vessels. Both configurations carried two Seacat surface-to-air missile (SAM) launchers, two single 40mm guns, one twin 375mm ASW rocket launcher, two triple torpedo mounts, and one Westland WG-13 Lynx helicopter. In addition, the ASW ships had one single 4.5-inch gun and a single Ikara ASW missile launcher; the general-purpose version had two 4.5-inch guns and two twin Exocet antiship missile launchers. The complement was the same on both versions—21 officers and 179 men.

The destroyer fleet consisted in 1982 of 12 ex-United States ships, all of which had been commissioned during World War II. The *Marcilio Dias* and the *Mariz e Barros* were both Gearing Fram I class, armed with four 127mm guns, one eight-tube ASROC (antisubmarine rocket), and one Wasp helicopter. Each carried 274 officers and men. The *Maranhão*, *Paraná*, *Pernambuco*, *Piauí*, and *Santa Catarina* were Fletcher class, carrying a complement of 260 and armed with four or five 127mm guns, two quad 40mm and one twin 40mm antiaircraft guns, and varying combinations of torpedo tubes and depth charge racks. The *Alagoas*, *Espírito Santo*, *Mato Grosso*, *Rio Grande do Norte*, and *Sergipe* were Sumner Fram II class, each carrying six 127mm guns, one

Wasp helicopter, two triple torpedo tubes, and two Hedgehogs. *Mato Grosso* did not carry a Wasp but did have depth charges and a Seacat SAM system.

The submarine inventory in 1982 included three of 1970s vintage and five veterans of World War II. The three newer boats were British Oberon class that were built for Brazil by Vickers-Barrow in Britain. Named *Humaitá*, *Riachuelo*, and *Toneleros*, they each carried eight torpedo tubes and a crew of 68 men and were placed in service in the mid-1970s. The five older submarines were ex-United States Guppy II- and Guppy III-class boats commissioned in the 1940s, each carrying 10 torpedo tubes. The remainder of the fleet consisted of a large number and wide variety of patrol vessels, mine warfare ships, landing craft, and support vessels of many kinds.

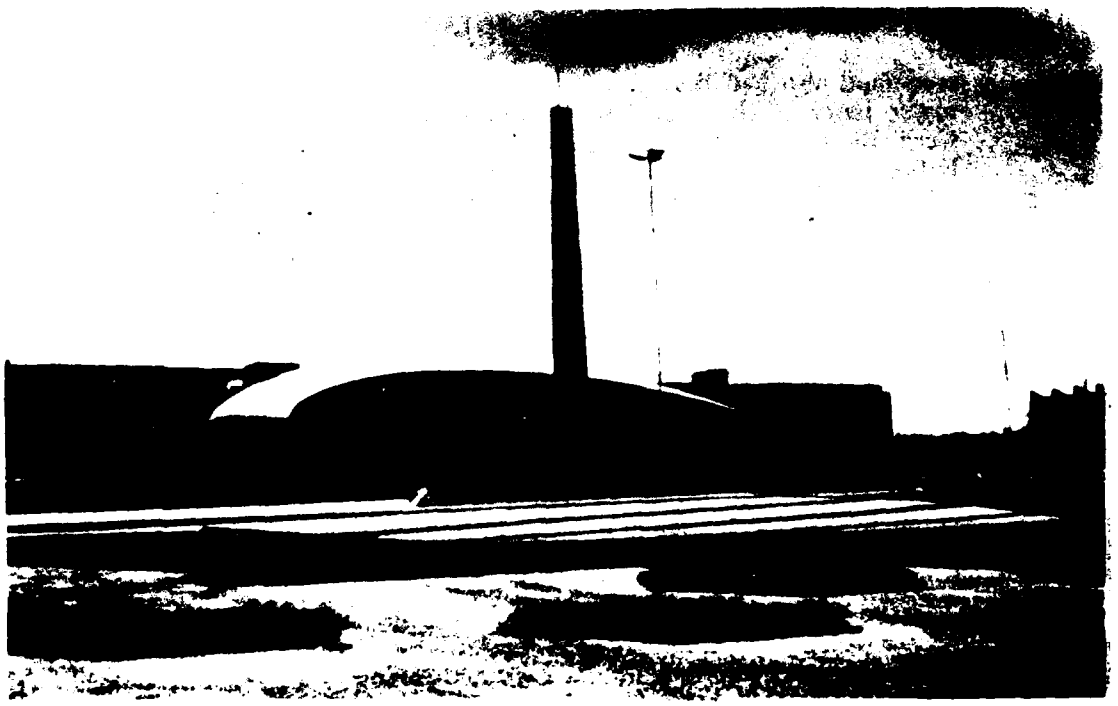
Brazil has become a major shipbuilding nation—both naval and merchant ships—and takes great pride in the home-built vessels that have entered service in recent years. A large number of river and coastal patrol craft have been constructed in Brazilian yards, and the modernization program for the 1980s called for the local production of many new ships, including patrol craft, corvettes, possibly a submarine, and—before the end of the decade—a start on the construction of a new aircraft carrier. Some of the design and production will be purely Brazilian, and other projects will be jointly undertaken with foreign companies operating in Brazilian shipyards. News reports in the summer of 1982 stated that two new submarines had been ordered built in Kiel and that the contract was awaiting approval by the government of the Federal Republic of Germany (West Germany). Unconfirmed reports claimed that the deal included agreement for a third boat to be built in a Brazilian yard.

Air Force

The strength of the Brazilian Air Force (Fôrça Aerea Brasileira—FAB) of almost 43,000 officers and men and about 600 aircraft in 1982 made it the largest air force in Latin America. The minister of aeronautics, in addition to commanding the air force, had the added responsibility of controlling all civil air activities. The line of military command extended from the minister through his chief of staff down to the commanders of five major commands: Air Defense, Tactical, Maritime, Transport, and Training. There were also six territorial air commands that covered the entire country. Numbered from one to six, the headquarters of the regional air commands were located at Belém, Recife, Rio de Janeiro, São Paulo, Pôrto Alegre, and Brasília, respectively.

The Air Defense Command consisted of a one-squadron wing, the 1st Air Defense Wing (1° Ala de Defesa Aérea, known as 1° ALADA), which operated 16 Mirage III aircraft, 12 interceptors, and four trainers. In early 1981 Mattos announced that construc-

Naval station, Guanabara Bay
Courtesy P.A. Kluck



Ministry of Army, Brasília
Courtesy Michaël Borg-Hansen

tion of the country's first SAM missile base was to begin near Florianópolis, the capital city of Santa Catarina on the southern coast. This was to be the first in a planned series of such bases that would become part of the Air Defense Command. Whether or not the project ever started and what kind of missile was to be emplaced had not been made public as of late 1982. Meanwhile, however, a French company, Thompson CSF, had installed communications systems, computers, and radars in the Brasília-Rio de Janeiro-São Paulo triangle that will be part of the overall air defense system. Army-operated Roland mobile SAM launchers were deployed in the same general area.

The Tactical Command (Comando Aerotático) comprised three groups of fighter aircraft equipped with a total of 32 Northrop F-5E fighters and four F-5B trainers. There were also six to eight counterinsurgency and reconnaissance squadrons equipped with 139 AT-26 Xavante strike-trainers (including 11 RT-26 reconnaissance version).

The Maritime, or Coastal, Command (*Comando Costeiro*) operated the fixed-wing aircraft aboard the carrier *Minas Gerais* in addition to various land-based squadrons engaged in antisubmarine patrols and search-and-rescue activities. Aircraft used included the EMB-111, the maritime patrol and reconnaissance version of the Bandeirante; the Lockheed RC-130E Hercules; and the Grumman Albatross, production of which began in 1949. The command also had Bell 47G and SA-330 Puma helicopters. The major bases of the Maritime Command were located in Santa Cruz, Rio Grande do Sul; Florianópolis, Santa Catarina; Salvador, Bahia; and Recife.

In late 1982 the Air Transport Group had various groups for general transport missions. Aircraft included two KC-130 Hercules for air-to-air refueling in addition to several other C-130s and Bandeirantes for routine transport. The Troop Transport Group (Grupo de Transporte de Tropas) at Campo dos Afonças supported the army's paratroop units using 21 DeHaviland Buffalos, some of which operated as troop carriers at Camp Grande, Mato Grosso do Sul, and Manaus, Amazonas. The Special Transport Group (Grupo de Transporte Especial) was equipped with a wide variety of aircraft for VIP transport and special missions. The Training Command also had a variety of aircraft, including Brazilian as well as foreign-made planes (see Training, this ch.).

Training

It has frequently been written that Brazil's annual conscript class contains large numbers of illiterates who, during their short conscript tour, are taught reading and writing in addition to various basic technical skills. In fact, the percentage of illiterate conscripts is usually quite small because the officers selecting those who will be drafted are well aware that the army's capability

to fulfill its missions would be seriously hampered if it were required to carry on mass literacy training every year. The army, however, does recognize the importance of the public service it provides by teaching large numbers of conscripts basic skills that can be valuable to the overall economy when the young men return to civilian life. The relatively small number of illiterates who are drafted do learn to read and write, but for most conscripts the tour is devoted to basic military training, weapons familiarization, equipment handling and maintenance, and small-unit training. The conscript system is primarily a means of providing fundamental military training annually to a sizeable group of young men who then return to civilian life and are retained on the reserve rolls until age 45.

For the regular enlisted personnel of the three services, training was a constant in their military careers. Much of their time was devoted either to retraining others or to being trained themselves in various military institutions. Like officers, NCOs who aspired to higher ranks were expected to complete advanced training and educational courses. Technical courses given by army branches, for example, were open to all who qualified; competition was strong for the courses that were prerequisites to advancement, and an added incentive was the importance placed on such technical training by employers after the serviceman had been discharged. The navy and air force also had a variety of educational institutions to train the technicians who were essential for the operation of modern weapons and equipment.

An example of the importance placed on education by the military was the School for Sergeants of the Armed Forces (Escola de Sargentos das Armas), which acquired a reputation for excellence in the post-World War II period when the drive for professionalization of the military was particularly strong. In a manner similar to that used by officer candiate schools, the year-long course of instruction was opened to civilian applicants, as well as to lower ranking enlisted personnel, who aspired to become career NCOs. Although qualifications for admission were high and the entrance examination was difficult, competition for admission always remained strong. The curriculum has been weighted toward technical subjects to meet the demands of advancing technology in the services. One of the side effects of professionalization of the NCO corps came after the military takeover of the government when NCOs demanded and received the rights to vote and to run for office. The Constitution of 1967 includes those rights for NCOs whereas previous constitutions had granted them only to officers.

The Brazilians considered the educational systems developed for their armed forces, particularly in the army, to be as good as any and better than most in the world. Many officers on active duty in 1982 entered the system at the secondary level, beginning at one of the military preparatory schools that were supervised

and directed by the armed forces. These officers, therefore, began their military careers at about age 12 or 13. Qualified graduates of these schools and other secondary schools were permitted to take the written examination that determined who would be admitted to the Military Academy of the Black Needles (Academia Militar das Agulhas Negras). The odd name derives from nearby mountains, but the school is usually referred to simply as the Military Academy or frequently by the acronym AMAN. Those who survive the competition for admission enroll as cadets to face a difficult four-year course leading to an army commission. Since 1964 the curriculum has stressed the national security doctrine, but more emphasis has also been placed on social science courses in addition to the engineering and science subjects that have always been given priority. Midway through the course, cadets indicate the branch to which they desire assignment (infantry, artillery, armor, engineers, etc.), and during the last two years at the academy they receive some specialized branch training. After commissioning, young officers usually attend a branch school.

For the officer who aspires to high rank in the army, successful completion of each step in the educational system is essential. For those who would be generals, finishing each academic step in the highest percentile is required; high standing in graduating classes is among the most important criteria for promotion. After commissioning, the system begins for company-grade officers with attendance at the Officers' Postgraduate School (Escola Aperfeiçomento de Oficias—EsAO), which offers a one-year course that is required for promotion to field grade. Routinely during a career, officers maintain contact with branch schools through correspondence or refresher courses.

The prize achievement for an army officer climbing the rungs of the education system, however, is admittance to the Army Command and General Staff School (Escola de Comando e Estado Maior do Exército—ECEME). The stiff entrance examination regularly weeds out about 75 percent of the field-grade applicants, and without successful completion of the three-year course, promotion to general officer rank is unheard of. Appointment to faculty positions at military schools (including ECEME) and attainment of the highly coveted general staff badge also require completion of the command and general staff course.

In the navy an officer's education begins at the Naval School (Escola Naval) in Rio de Janeiro, where midshipmen receive a four-year academic course equivalent to that given to cadets at the Military Academy. Graduation is followed by a year of shipboard training, and naval officers also attend a network of specialist schools similar to the branch schools of the army. In addition, naval officers attend courses at the Naval Research Institute and the Naval War College. As its name implies, the research institute is concerned with naval science and technology and research in

advanced concepts. The war college, the navy's highest educational institution, offers a nine-month curriculum for qualified officers, usually those who have reached the rank of commander.

The education of air force officers follows two different paths, depending on whether a cadet will become a flying officer or a technical officer. The Air Force Academy at Pirassununga, São Paulo, is primarily a flight training school to which students are admitted after completion of the Air Cadets' Preparatory school in Barbacena, Minas Gerais. Technical officers are trained at the São José dos Campos Aerospace Technical Center, São Paulo. Before attaining field grade, all officers attend the Officers' Advanced Training School at São Paulo, for courses in command, leadership, and administration. The next step in the educational progression of the air force officer is the Air Force Command and General Staff School, but admission requirements and the entrance examination eliminate many applicants. From among its graduates come the relatively small number of officers who will be promoted to general officer rank.

Several Brazilian officers are sent abroad annually to military schools in various countries, including the United States. Many Brazilian officers have attended United States basic and advanced service schools, and many senior officers have attended the command and staff schools as well as the service war colleges, the National War College, and the Inter-American Defense College. During the period of strained relations between Brazil and the United States from 1977 through 1980, Brazilian students were rare on United States military campuses, but in 1981 they began returning to the United States for various kinds of training.

The top of the educational ladder for armed forces officers in Brazil was the Superior War College (Escola Superior de Guerra—ESG), located in Rio de Janeiro. Students were selected from among colonels and generals or navy captains and admirals, as well as from among civilians who had attained high government status or prominence in varied fields, such as business and industry, education, medicine, economics, and even religion. Since the early 1970s a few civilian women have also gained admittance to the ESG.

The ESG academic year was divided into segments of varying length during which lectures and seminars covered national security doctrine as it pertained to all aspects of Brazilian life. Several weeks of discussions on basic doctrine were followed by a longer period devoted to national and international affairs as they affected security and development. Lecturers included senior military officers, cabinet ministers, key government officials, academic specialists, and, occasionally, foreign diplomats. Subject matter concerned all those areas that have a bearing on the government, politics, economics, and society of the world power that the military hierarchy expects Brazil to become in the remaining years of the twentieth century.

The idea for the establishment of the ESG grew out of the close association of Brazilian and United States army officers during World War II and the experience of the FEB (see Military Traditions, this ch.). After the war several high-ranking FEB veterans, dissatisfied with their own staff operations and particularly with joint service staffs, requested that a United States mission be sent to Brazil to assist in the establishment of a war college. A mission arrived in 1948, helped with the founding of ESG in 1949, and remained in an advisory capacity until 1960. The chief of the United States mission enjoyed faculty status at the ESG.

According to Stepan in *The Military in Politics*, General Oswaldo Cordeiro de Farias, who was charged with planning for the war college in 1948, wanted the school to have "the functions of the U.S. Industrial College of the Armed Forces and the National War College" and further advocated that "emphasis on internal aspects of devlopment and security be greater than in the U.S. National War College." The other major distinction that the Brazilians wanted to make was that there be much greater civilian participation in the ESG than was true of the American school. Stepan quotes a decree of December 1963, just four months before the military coup, stating the mission of the ESG as preparing "civilians and military to perform executive and advisory functions especially in those organs responsible for the formulation, development, planning, and execution of the politics of national security." In the curriculum of ESG, development and security were inseparably linked. The ESG philosophy, as taught to the highest level military and civilian leaders during the school's more than three decades, has had an incalculable effect on the country's five military governments since 1964.

The influence of the ESG on its alumni has been perpetuated by the Association of Graduates (Associação dos Diplomados da Escola Superior de Guerra—ADESG), which has maintained contact with graduates and has kept them informed of ESG policies and events. The ADESG has been a powerful force in the military governments, always keeping the ideology of the school foremost in the minds of the many graduates who have attained positions of power. Under the direction of powerful luminaries, such as Golbery, who served as chief of intelligence under Castello Branco and chief of the Civilian Household under both Geisel and Figueiredo, the philosophy of the school was incorporated into the curricula of all service schools, including the army's influential ECEME. A dichotomy has long existed in the armed forces officer corps concerning, albeit an oversimplification, the emphasis that should be given to political liberalization vis-à-vis that given to security. The ESG people, known as the Sorbonne group, stressing the crucial need for continuing general development of the society

along with its security, have been opposed by the hard-line (*linha dura*) adherents who have championed security as the country's foremost need (see The Military in Power, ch. 1).

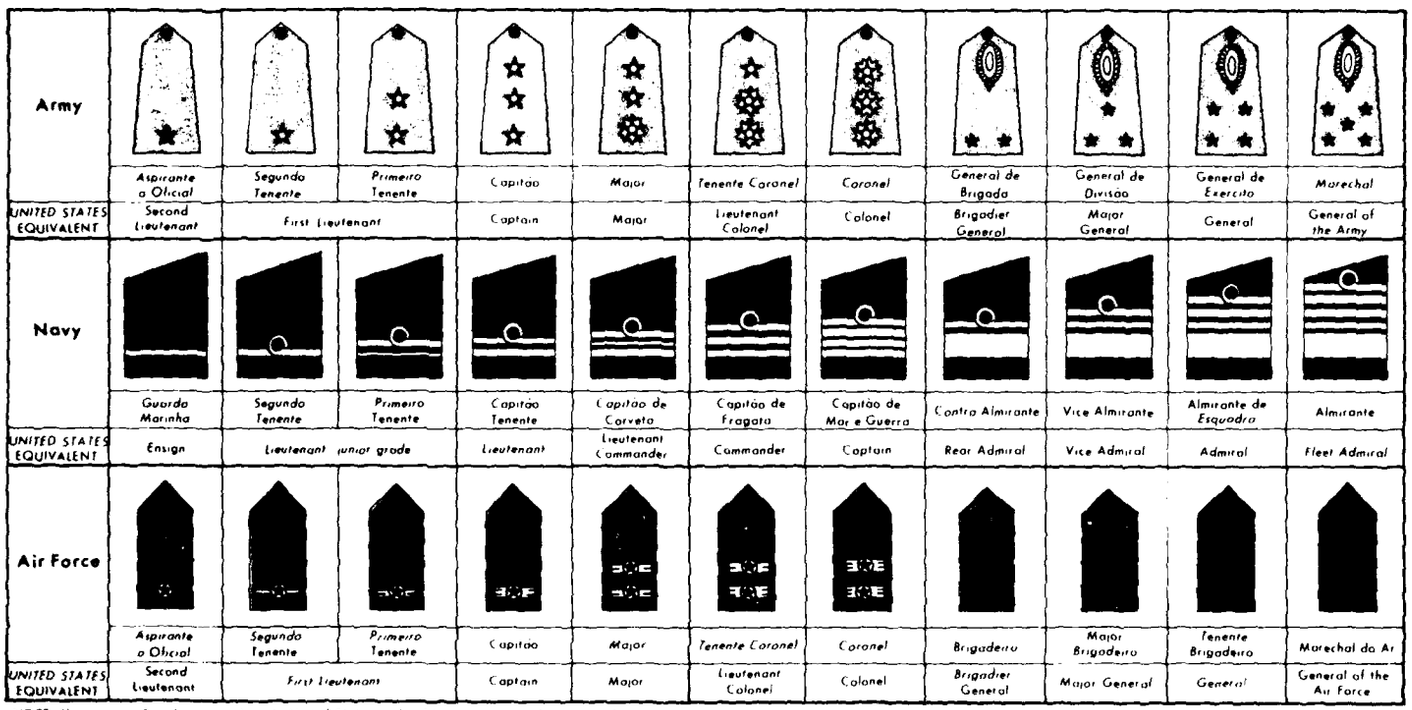
Uniforms, Ranks, and Insignia

In 1982 the three armed forces used several different uniforms, including full dress, dress, service, and fatigue. The army service uniform was green; the navy, dark blue; and the air force, a lighter blue. The senior commissioned rank in the army was marshal (*marechal*); in the navy, admiral (*almirante*); and in the air force, air marshal (*marechal-do-ar*). Officer rank insignia were worn on shoulder boards by army and air force officers and on the sleeve cuffs by navy officers. Each service had 10 officer grades, excluding officer candidates. Army officer grades from second lieutenant to colonel equated directly with counterparts in the United States Army. A Brazilian brigadier general (*general de brigada*) wore two stars, and the next higher rank, known as division general, wore three. There was no rank corresponding to the United States lieutenant general. The next higher rank, designated by four stars, was the army general (*general de exército*), and the marshal wore five stars, but that rank was rarely attained on active duty. Air force ranks had the same designations through colonel, and there was also no rank corresponding to lieutenant general. The air force general officer ranks were brigadier, major brigadier, lieutenant brigadier, and air marshal. Again, the five-star rank was rarely seen. Navy ranks corresponded directly to the United States Navy counterparts except that there was no rank of commodore. The flag ranks were rear admiral, vice admiral, squadron admiral, and admiral (see fig. 10).

Public Order and Internal Security

Federal Police

The Constitution assigns to the "union of the states, the Federal District, and the territories" the power to organize and maintain federal police for the purposes of performing the services of maritime, air, and border police; preventing and suppressing narcotics traffic; investigating criminal activities involving national security, activities that have repercussions on the social and political order, or other infractions having interstate implications; and providing censorship of public amusements. In 1982 the overall strength of the federal police (sometimes referred to as Public Security Forces) was estimated at 185,000. Officially, the federal police force was known as the Department of Federal Police (Departmento de Polícia Federal—DPF), and its headquarters was located in Brasília. In addition to the Federal District, DPF units were distributed throughout the states and territories. The DPF headquarters provided technical services relating to data



Army	*Aspirante a Oficial*	*Segundo Tenente*	*Primeiro Tenente*	*Capitão*	*Major*	*Tenente Coronel*	*Coronel*	*General de Brigada*	*General de Divisão*	*General de Exército*	*Marechal*
UNITED STATES EQUIVALENT	Second Lieutenant	First Lieutenant		Captain	Major	Lieutenant Colonel	Colonel	Brigadier General	Major General	General	General of the Army
Navy	*Guarda Marinha*	*Segundo Tenente*	*Primeiro Tenente*	*Capitão Tenente*	*Capitão de Corveta*	*Capitão de Fragata*	*Capitão de Mar e Guerra*	*Contra Almirante*	*Vice Almirante*	*Almirante de Esquadra*	*Almirante*
UNITED STATES EQUIVALENT	Ensign	Lieutenant (junior grade)		Lieutenant	Lieutenant Commander	Commander	Captain	Rear Admiral	Vice Admiral	Admiral	Fleet Admiral
Air Force	*Aspirante a Oficial*	*Segundo Tenente*	*Primeiro Tenente*	*Capitão*	*Major*	*Tenente Coronel*	*Coronel*	*Brigadeiro*	*Major Brigadeiro*	*Tenente Brigadeiro*	*Marechal do Ar*
UNITED STATES EQUIVALENT	Second Lieutenant	First Lieutenant		Captain	Major	Lieutenant Colonel	Colonel	Brigadier General	Major General	General	General of the Air Force

NOTE There are no Brazilian equivalents to United States ranks of lieutenant general or commodore

Figure 10. Insignia of Officers' Ranks, 1982

processing, collection and dissemination of police intelligence, and scientific assistance to the state police forces and was also responsible for Brazil's input to and cooperation with the Paris-based International Criminal Police Organization, known as Interpol. Among the many agencies subordinated to the DPF were the National Police Academy, the National Institute of Criminalistics, and the National Institute of Identification, all located in Brasília.

The DPF is headed by a director general who is appointed by the president and has usually been an active-duty army general. The minister of army in President Figueiredo's cabinet in 1982, General Walter Pires, was director general of the DPF under President Médici in the early 1970s. The line of command extended from Brasília to the nationwide DPF units through the superintendencies of federal police established in each state.

Because of the intense preoccupation with internal threats to national security on the part of the military governments of the post-1964 era, a special division of the DPF, the Division of Political and Social Order (Divisão de Ordem Política e Social—DOPS), was created during the dictatorship of Getúlio Vargas to concentrate on national security affairs and has continued in that role. DOPS has collaborated closely with the military commands in the fulfillment of its missions. Among its specialized functions, DOPS has provided protection for Brazilian dignitaries as well as to the many foreign officials posted to Brasília. Two other federal law enforcement agencies—the Federal Highway Police and the Federal Railroad Police—were subordinated to the Ministry of Transportation and Public Works. The highway police controlled traffic on major interstate roads and supplemented state traffic police forces. The railroad police, uniformed and plainclothes, maintained order at railroad stations and yards and aboard trains. The Maritime, Air, and Border Police, also a federal force, was located at the ports of entry, international airports, and border crossing points to handle the customs and maintain registers of foreign visitors or immigrants entering the country.

State Police

The police forces of the several states, nominally under the supervision of the state governors, were in fact closely associated with federal authorities. The state police, by definition, were powerful forces in their states because municipal police did not exist. All police functions not performed by personnel of the DPF were responsibilities of the state forces. State police generally consisted of three separate forces: the Military Police, the Civil Police, and the Traffic Police. The Secretariat of Public Security, an important agency of each state government, supervised police activities. The secretary of public security, usually an active-duty army general or colonel, was, in fact, the chief of police.

The Military Police, sometimes referred to as the State Militia, have been controlled by the Ministry of Army during periods of declared national emergency since 1969. Historically, these forces had been under individual state control, and frequently "the governors' armies," as they were sometimes dubbed, outnumbered regular troops in many states. The Military Police of any state are organized as a military force, and rank structure is military; training is weighted more heavily toward police matters, but substantial counterinsurgency training is included. Arms and equipment of states forces included machine guns and armored cars, in addition to other items generally associated with police. In effect, the Military Police are auxiliary army forces that could be quickly mobilized to augment national armed forces in an emergency. In the past Military Police units were often commanded by active-duty army officers, but that has occurred less frequently as professional police officers have achieved higher ranks and positions. The commandant of a state's Military Police was usually a general or colonel whose command was divided into police regions, which deployed police battalions and companies. Fire fighting was also a Military Police function; fire fighters were organized in separate battalions.

Each state also maintained a Civil Police that was the investigatory force, handling routine criminal cases and public security affairs. Because there were no municipal police, the state forces were stationed in populated areas and were responsible for all police functions. Cities were divided into precincts through which the Civil Police operated, using methods familiar to detective agencies in most other countries. Senior officers of the Civil Police were known as delegates (*delegados*), and the force was usually commanded by the delegate general, whose rank was equal to that of the commandant of the Military Police. Lower ranking officers were known as investigators. Promotion to the higher ranks of the Civil Police usually required a law degree.

Criminal Law and Procedure

The Penal Code in use in 1982 has been considerably amended since its adoption in 1940 as a replacement for an older code. A general section of the code distinguishes between felonies and misdemeanors and outlines the individual citizen's responsibilities under the law. Another section defines criminal behavior more comprehensively, spelling out crimes against persons, property, custom, public welfare, and public trust. Misdemeanors are also defined.

The power of arrest vested in the police, other than the power arising from judicial warrant, is derived from decree-laws. These provide that any member of the public can—and police must—arrest anyone found in flagrante delicto. The privilege of not being subject to arrest unless caught in the act or by judicial warrant

derives from the constitution of 1891 and has been included in subsequent versions. Paragraph 12 of Article 153 of the Constitution of 1967 states: "No one shall be arrested except in the act of committing a crime or by written order issued by competent authority" and further states that an arrest must be immediately communicated to a competent judge who, if he finds the arrest to be illegal, must order the release of the arrestee. The arrest power is also limited by Paragraph 10 of the same article, which declares the home to be "the inviolable refuge of the individual." In practice, there have been many violations of the constitutional guarantees, particularly in the late 1960s and early 1970s.

The process of bringing violators or suspected violators of the law to justice usually begins in one of three ways. The first and most simple occurs in cases of flagrante delicto. The second method is followed when illegal activity is uncovered during routine investigative work, after which a competent judge issues a warrant for the persons involved, and arrests are made. The third method involves complaints from private citizens that, if borne out by evidence or otherwise deemed reasonable, result in the issuance of a warrant. Violations of these official procedures have been reported frequently, particularly when police have been operating under the provisions of the National Security Law (the collected decree-laws and legislation that delineate crimes against the state).

The handling of arrestees varies according to the nature of the crime or the nature of the charges. Felonies that are punishable by imprisonment and for which the arrestee must be detained require thorough investigation followed by trial in an appropriate court (see The Judiciary, ch. 4). Offenses punishable by ordinary confinement of 30 days or less, or by small fines, are usually disposed of quickly at the lowest court level possible. A judge may direct that a prisoner be held in custody pending a preliminary hearing, or he may allow bail depending on the severity of the case. Prisoners may also be released on writs of habeas corpus.

According to law, within 24 hours of arrest a prisoner must be given a copy of the complaint, signed by competent authority and containing not only the details of the charge or charges but also the names of accusers and witnesses. To comply with these provisions the police must immediately initiate an investigation, including a visit to the scene of the incident, the collection of available evidence, the interrogation of witnesses, and the compilation of a coherent account of what actually occurred. This information is presented as a police report to a judge, who then sets a date for a hearing.

The first step in the legal process is a hearing, popularly known as an instruction session, to identify the parties involved and to determine whether a punishable offense occurred. Except for misdemeanors, the instruction session is not a trial but rather a hearing at which both the prosecution and the defense are heard

in presentation, rebuttal, and final argument. If the offense is a misdemeanor, the judge is permitted to turn the proceeding into a summary court and pronounce sentence. If the case involves a felony, no judgment is possible at the instruction session. If the judge believes that there is evidence of probable guilt, the accused is indicted, and a trial date is set.

Crime

According to the *Anuário Estatístico do Brasil 1980*, there were 64,915 arrests for felonies and 16,243 for misdemeanors during 1978. Of the total number of felonies, 27,104, or almost 42 percent, were listed as crimes against the person, that is, murder, attempted murder, inflicting bodily injury, or other such crimes. Crimes against property—theft, robbery, and extortion, swindling and other frauds, and similar violations—accounted for 25,239 (almost 39 percent). Three categories of crimes against custom—rape, pandering, and similar acts—accounted for 2,961 (4.5 percent). Under crimes against the public welfare, there were 6,848 arrests for trafficking in or using illegal narcotics and 187 arrests listed under "others" of that general heading, amounting to almost 11 percent of the total arrests. There were 841 arrests (1.2 percent) for crimes against the public trust, including embezzlement, smuggling, and others. The remaining 1,735 arrests (about 2.6 percent) were simply listed under the heading "others". The 16,243 arrests on misdemeanor charges were categorized as illegal carrying of weapons, illegal gambling, vagrancy, and like offenses. Vagrancy, for which arrests numbered 6,516 for the year, was by far the leading misdemeanor. There were no statistics available concerning the disposition of the cases resulting from the arrests made in 1978.

It was impossible to describe accurately the incidence of crime and the penal situation in Brazil. The official data, for example, did not refer to arrests and trials for violations of the National Security Law, yet such occurrences were frequently reported in the media. Charges brought under the National Security Law were handled by military courts, a system that has been accused of flagrant violations of citizens' rights; however, the number of reported violations dropped markedly under the presidencies of Geisel and Figueiredo.

As for ordinary crime, Brazil, like other industrialized or industrializing countries in which large segments of the population continue to live in abject poverty, has had a serious and rising crime problem. Robert M. Levine, writing in the February 1982 issue of *Current History*, stated: "Random, often violent, street crime continued to plague not only the cities but the formerly placid towns and villages of the countryside. Stories of assaults and armed robberies monopolized conversations among the affluent, who demanded additional protection against the muggers and

trambadinhas (attackers, often children and adolescents) preying on a rising number of victims." Crimes of violence also became prevalent during the political campaigns leading up to the elections of November 1982. Threats against candidates, vandalism, and the stoning of vehicles occurred, but more serious incidents involved shootings, and some deaths were reported.

Penal Institutions

There were two general categories of penal institutions: correctional and detention, that is, roughly, prisons and jails. The first category included penitentiaries, houses of custody and treatment, penal and agricultural colonies, and houses of correction. The second category included military prisons, houses of detention, and juvenile correctional institutions. Operation of the penal system was a responsibility of the Military Police of the states. The separate women's penal institutions were usually operated by nuns. Prisoners in penitentiaries were assigned to work units in maintenance shops and in light industrial plants that produced and maintained the clothing and furnishings used in the institutions. In some minimum security agricultural colonies, inmates had their families live with them during their incarceration.

The official statistics for 1977 stated that there were 3,343 prison establishments: 234 for men, 23 for women, and 3,086 in which both sexes were confined. The capacity of the penal system was listed as 92,500, and the overall cost for maintenance of the system for 1977 was given as Cr$672,882,000 (for value of the cruzeiro—see Glossary). The total number of persons incarcerated at the end of 1977 was 37,251, much below the stated capacity of the system. The data were incomplete concerning the breakdown of prisoners according to sex (as well as for various other classifications), but it appeared that men outnumbered women in prison by at least three to one, and perhaps a much higher ratio actually existed.

Threats to Internal Security

The Brazilian military in 1964 described the takeover of the government as a "revolution" and proclaimed that the twin mainstays of their revolutionary rule would be development and security. Although the governments of the five military presidents who led the country between 1964 and 1982 varied, particularly in their degree of authoritarianism, all placed extreme emphasis on internal security and, to some degree, suppressed political dissent. The so-called *distensão* (decompression) and *abertura* (literally, opening; political liberalization) initiated by Geisel and carried forward under Figueiredo have brought the regime a long way from its most authoritarian era under their predecessors; nevertheless, some adherents of the hard line still held high-level positions and still believed that rigid authoritarianism was the only course for Brazil.

In a report prepared for the United States Department of State by the Rand Corporation in 1971, Luigi R. Einaudi and Stepan posed a series of questions about security and development under the military regimes of Brazil and Peru. They asked, for example, whether the major threat to national security came from outside the country or from within and, if from within, did underdevelopment constitute a threat. They also wondered what the role of the military should be in the institutional development of such countries and, in the case of Brazil, should the regime try to push the country toward military great-power status.

The Brazilian military obviously decided at the outset of their "revolution" that the internal threat greatly outweighed any danger from outside the borders. The armed forces and the police forces have been closely interwoven, particularly regarding command and control of the latter, and the principal mission of both has been maintenance of internal security. At times, critics have complained that such concerns have been grossly overemphasized, resulting in repression rather than security.

The blocking of the encroachment of communism was high on the agenda of the new military government in 1964 and, because of the success of Fidel Castro in Cuba and his pledge to spread the communist doctrine to all of Latin America, Brazil's leaders could justify their concern about the possibility of subversion. Countering the activities of foreign and indigenous agents of the communist movement became the most important objective of the armed forces and the police. Antiguerrilla warfare and counterinsurgency were included in the curricula of the service schools, particularly at the ESG, which had become the dominant academic influence on the country's leaders, both military and civilian. At the Army Command and General Staff School, according to Einaudi and Stepan, "the 1956 curriculum of the ECEME had included no lectures on counterguerrilla warfare, internal security, or communism," but by 1968 "222 hours on internal security and 129 hours on irregular warfare" had been added. Military personnel were also being sent to the School of the Americas in Panama, where the curriculum was heavily weighted with counterinsurgency and antiguerrilla courses.

Through four presidencies and part of a fifth, the military regime has followed the dual course of development and security, always seeking to balance the objectives, sometimes succeeding, sometimes failing. Castello Branco's time in office was a period of adjustment during which the military tried to adapt to its new posture, and the opposition tried to get the military to return to barracks. In general, the armed forces intervention of 1964 had been accepted, even condoned, by a rather large segment of the politically aware public, but after the restoration of order and the deposal of the "radical" Goulart, the military was expected to

withdraw. The indications by the "revolutionary" military government that it intended to stay in power indefinitely were much less well received than the initial intervention. The first purge of political opponents and military officers who opposed the military government alerted the public to the authoritarian nature of the new rulers. By 1965, in their zeal to ensure the security of the state, the security forces were ignoring the civil rights of the people, and reports of brutality and torture were becoming commonplace.

Costa e Silva seemed unable to translate his extensive military experience into presidential terms as his predecessor had done. When economic problems brought street demonstrations and the killing of a student by police resulted in riots, Costa e Silva and the CSN were convinced that the demonstrators and rioters wanted to overthrow the government. In December 1968 the president promulgated Institutional Act Number 5, proroguing the legislature and greatly increasing the powers of the executive. Despite the new hard-line rule (or possibly spurred on by it), opposition to the government, political unrest, and terrorism increased. The military hierarchy, convinced that the forces arrayed against the government (communists, leftists, students, clergy, workers, and large numbers of the poorest members of society) were an imminent threat to the security of the state, ignored the Constitution. When Costa e Silva suffered a stroke, the ministers of army, navy, and aeronautics refused to allow the civilian vice president to assume the office of president as provided in the Constitution and instead installed another general, Médici, in the presidency (see The Military in Power, ch. 1).

Médici certainly inherited a country in chaos or at least on the verge of chaos, but Institutional Act Number 5 had provided the president with tools to deal with the situation. Congress was suspended, the right of habeas corpus was set aside, the constitutional limitations on the federal government's right to intervene in state and municipal affairs were suspended, the death penalty was restored, censorship was introduced, and public demonstrations were banned. In the view of many Brazilians, the country had become a military dictatorship. As government repression increased, so too did crime and violence, ensuring an escalation of repression, thus perpetuating the cycle.

Médici's administration proved to be the nadir of military rule during the period from 1964 to 1982. The police and the armed forces (acting as police) were accused of brutality and torture, and the first death squad made its appearance in São Paulo, a phenomenon that would repeat itself many times in many parts of the country. The death squads were made up of off-duty policemen who appointed themselves (vigilante style) to assist the government by eliminating criminal or subversive elements. They acquired a reputation for viciousness, brutality, torture, and murder, and

their activities continued even after some policemen were brought to trial, convicted, and sentenced to long prison terms. The government move (under pressure) against the death squads did not discourage other right-wing groups from joining the battle against subversives. The Command for Hunting Communists and the Anticommunist Movement both sent vigilante groups into the fray, evidently in the mistaken belief that the official security forces were unequal to the task.

The Médici government has been criticized for the violence of its reaction against the terrorists; in effect, it has been criticized for the lawlessness of its officers of the law. However justified the criticism, the fact remains that there was a real threat to the national security. Random terrorist acts had turned into urban guerrilla warfare. Bank robberies to finance guerrilla operations, diplomatic kidnappings to force release of imprisoned guerrillas, and attacks on police and army barracks demanded and received government reaction. Whether or not the government overreacted remains controversial; nevertheless, in a relatively short time the security forces had killed, imprisoned, or exiled communist and other dissident leaders and had dispersed the guerrilla units. The problem that plagued the Médici, Geisel, and even the Figueiredo administrations has been the retention of harsh attitudes and brutal methods by the security forces. The level of police brutality in 1982, however, could not be compared to that which existed a decade earlier.

By the time that President Geisel took over in 1974, the militant opposition had been defeated. Geisel had the opportunity to lead the country toward the democratization that his military predecessors had verbally advocated but had been advocated but had been unable to approach actively. Geisel accepted the opportunity for the building of a less repressive regime by appointing an almost completely new cabinet, but faced with an economic downturn and the fact that many hard-line military and civilian personnel still held important positions, the new president was, of necessity, cautious in altering the rigid authoritarianism of the recent past. Reining in the security forces—police and military—was a priority item on his agenda, however. An embarrassment to the administration occurred in 1975 when a well-known journalist, Vladimir Herzog, was arrested and a short time later found dead in his cell at an army interrogation center—a suicide according to army authorities, another case of death by torture as far as the public was concerned. Geisel reprimanded the commanding general of the Second Army within whose jurisdiction the incident occurred, and a few months later he fired the general when another death occurred under similar circumstances. That a military president would fire a member of the Army High Command over a case of police brutality was an important example, not only to the security

Out-of-work youths demonstrate in Rio de Janeiro, April 1983.
Courtesy United Press International

Riot police block a street in Rio de Janeiro, April 1983.
Courtesy United Press International

forces but also to the public. Some years later a federal court ruled that Herzog's death had, in fact, been caused by the authorities, and his widow was entitled to collect damages.

Geisel's administration was not without turmoil—workers went out on strike in several cities, and students demonstrated against the government on several campuses. The president, however, did not see every strike and every demonstration as a move to overthrow his government, leading some right-wing critics to complain about his leniency; but in curbing the abuses of power, Geisel had not relinquished his power. Political opponents were repressed if the president and his associates decided that their rivals had overstepped the bounds of acceptable opposition, and the bounds were established by the administration. When a local politician predicted the downfall of the government "if not through its own rottenness, because of corruption," and another said that it was time to put an end to the "dictatorship," Geisel issued decrees abrogating their civil and political rights, thus denying them their seats in the state legislature. When a federal deputy complained about such high-handed treatment of political opponents, he was afforded the same treatment. Although Geisel was operating under a plan for democratization and the political climate had improved significantly during his administration, authoritarianism remained real, particularly in the face of a perceived threat.

Whatever his perceptions about the internal threat during his presidency, Geisel before leaving office abolished the despised Institutional Act Number 5, which he had used on different occasions to declare a state of exception, to override congressional actions, to relieve congressional deputies of their mandated offices, or to suspend the rights of ordinary citizens. Toward the end of his term, Geisel must have believed that his chosen successor would not need the exceptional powers given to the president by Institutional Act Number 5. Additional reforms approved at the same time included the abolition of the death penalty, life imprisonment, and banishment; the reinstatement of habeas corpus; and the further easing of censorship. The formation of new political parties was also to be made easier by the lifting of restrictions that had been in force.

President Figueiredo, taking office in March 1979, was faced with a strike by 160,000 metalworkers in the heavily industrialized cities of São Paulo state. For the new president the situation grew tense as security forces seized the metalworkers union headquarters and arrested several hundred workers. A cooling-off period of 45 days was arranged through negotiations, but this strike was only the beginning of labor troubles that would plague the administration. The progress toward *abertura*, however, was not suspended because of this "threat" to the regime; Figueiredo insisted that a greater threat was posed by the high rate of

inflation that was severely damaging the economy and hurting the people.

Figueiredo also declared that bombs would not derail *abertura*—after a sensational bombing incident received widespread publicity for about two months in early 1981 and reportedly raised tensions within the regime to crisis proportions. On April 30, 1981, a bomb exploded in the car being used by two security officers, killing one, an army sergeant, and severely wounding the other, an army captain. Both were agents of a high-level military security and intelligence agency. The car in which they were sitting when the bomb exploded was parked near the Rio de Janeiro Convention Center, where a May Day observance was in progress. Charges and countercharges from left-wing and right-wing groups filled the news media. Left-wing groups charged that the two agents had been attempting to plant bombs in the Convention Center in order to cause a panic among the leftists assembled there. A bomb did explode in the power plant of the center about 10 minutes after the car explosion. The left-wing groups charged that the bomb in the car exploded prematurely. Right-wing militants attributed the the automobile explosion to left-wing terrorists who attempted to assassinate both agents, intending to spread the story about their being blown up by one of their own bombs.

Some supporters of Figueiredo and some opponents expressed the opinion that the bombing was instigated by hard-line military elements opposed to *abertura*. Figueiredo ordered an investigation to be conducted by the First Army, within whose jurisdiction the incident occurred. The results were inconclusive, the army investigators asserting that they could not unravel the mystery. Some outspoken opposition deputies in Congress expressed the opinion that the army covered up the findings of the investigators in order to protect right-wing military factions.

Although the first three and one-half years of Figueiredo's six-year term presented a great many problems—economic, political, social—his government was not seriously threatened by internal subversion. Because of his program of *abertura*, there had been opposition from hard-line groups, but the dichotomy between the hard-liners and the more moderate factions had existed since 1964, and Figueiredo appeared to be in control of that situation. Some labor problems, industrial and agricultural, at times led to ugly incidents, but the security forces were quickly in control of those situations. The communists operated and organized openly but were factionalized and did not pose a threat either from underground or through political channels. By late 1982 there did not appear to be any major threat to internal security from subversive elements (see Elections under Military Rule, ch. 4).

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Alfred Stepan's *The Military in Politics*, even though published in 1971, continues to be an excellent source not only on Brazilian military participation in politics but also on the military per se. His *Authoritarian Brazil* is also a reliable source. Several general studies on the politics or on the foreign policy of Brazil during the 1960s and 1970s naturally include significant information on the armed forces and national security in general; among these are Georges-André Fiechter's *Brazil since 1964*, Ronald M. Schneider's *The Political System of Brazil*, and Robert G. Wesson's *The United States and Brazil*. Of particular importance because of its historical perspective and the detail provided on the post-1964 military regime is Peter Flynn's *Brazil: A Political Analysis*. Two interesting articles by Eduardo Italo Pesce, "The Brazilian Mk-10 Frigates" and "The Brazilian Naval Modernization Program," appeared in the *United States Naval Institute Proceedings* for March 1981 and March 1982, respectively. (For further information and complete citation, see Bibliography.)

Appendix

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Table 1. Metric Conversion Coefficients

When you know	Multiply by	To Find
Millimeters	0.04	inches
Centimeters	0.39	inches
Meters	3.3	feet
Kilometers	0.62	miles
Hectares (10,000 m^2)	2.47	acres
Square kilometers	0.39	square miles
Cubic meters	35.3	cubic feet
Liters	0.26	gallons
Kilograms	2.2	pounds
Metric tons	0.98	long tons
.....	1.1	short tons
.....	2,204	pounds
Degrees Celsius (Centigrade)	divide by 5 and add 32	degrees Fahrenheit

Table 2. Racial Composition by State and Territory, 1980

State or Territory	White	Mixed	Black	Yellow	Unstated	Total
Rio de Janeiro	63.1	26.6	9.9	0.1	0.3	100.0
São Paulo	75.1	17.8	4.7	2.3	0.1	100.0
Paraná, Santa Catarina, and Rio Grande do Sul	83.7	12.7	3.0	0.4	0.2	100.0
Minas Gerais and Espírito Santo	56.9	34.6	8.2	0.1	0.2	100.0
Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe, and Bahia	27.6	64.9	7.0	0.1	0.4	100.0
Federal District	51.5	44.5	3.3	0.4	0.3	100.0
Rondônia, Acre, Amazonas, Roraima, Pará, Amapá, Mato Grosso, and Goiás	35.4	60.3	3.3	0.4	0.5	100.0*
BRAZIL	54.8	38.4	5.9	0.6	0.3	100.0

*Figures do not add to total because of rounding

Source: Based on information from Brazil, Secretaria de Planejamento da Presidência da República, Fundação Instituto Brasileiro de Geografia e Estatística, *IX Recenseamento Geral do Brasil—1980*, 1, Pt. 1, Rio de Janeiro, 1981.

Table 3. Estimated Average Annual Rural and Urban Growth Rates by Region, 1940-80
(in percentage)

Region	1940-50	1950-60	1960-70	1970-80
North				
Urban	4.3	6.5	7.0	5.1
Rural	2.0	2.7	2.3	2.5
Northeast				
Urban	4.0	5.8	5.6	4.6
Rural	2.0	1.1	1.2	1.2
Southeast	4.8	6.3	6.6	4.9
Rural	0.6	1.1	−1.8	−3.4
South				
Urban	4.5	8.8	6.8	5.1
Rural	3.3	3.4	2.4	2.5
Center-West				
Urban	5.5	34.8	2.8	7.4
Rural	3.3	4.7	3.6	3.5
BRAZIL				
Urban	4.6	6.7	6.6	5.0
Rural	1.7	1.7	0.6	0.9

Source: Based on information from Brazil, Secretaria de Planejamento da Presidência da República, Fundação Instituto Brasileiro de Geografia e Estatística, *Anuário Estatístico do Brasil 1980*, 41, Rio de Janeiro, 1980, 72-73, 77.

Table 4. Estimated Population by Metropolitan Center, 1980

Metropolitan Center	Population	Metropolitan Center	Population
Belém	1,015,451	Recife	2,399,117
Curitiba	1,471,811	Belo Horizonte	2,584,740
Fortaleza	1,615,517	Rio de Janeiro	9,153,516
Salvador	1,795,089	São Paulo	12,708,600
Pôrto Alegre	2,284,250	TOTAL	35,028,091

Source: Based on information from Brazil, Secretaria de Planejamento da Presidência da República, Fundação Institutio Brasileiro de Geografia e Estatística, *Anuário Estatístico do Brasil 1980*, 41, Rio de Janeiro, 1980, 76.

Table 5. Summary of Federal Budget 1977-79
(in billions of Cruzeiros)[1]

	1977	1978	1979[2]
Revenues			
Income taxes, business and individual	82	108	188
Taxes on goods and services	138	201	282
Foreign trade revenues	20	27	43
Other tax receipts	3	5	14
Other revenues	10	13	17
Total Revenues	253	354	544
Expenditures			
Current Expenditures			
Wages and salaries	30	45	68
Goods and services	19	19	44
Payment of interest	4	5	10
Total Current Expenditures	54[3]	69	122
Transfers of Earmarked Taxes			
Special funds and autonomous agencies	49	72	88
State and local governments	41	63	97
Public enterprises	10	14	15
Other	9	14	12
Total Transfers of Earmarked Taxes	109	163	212
Subsidies and Other Transfers			
Welfare	19	28	47
Social security	4	5	8
Other	6	33	71
Total Subsidies and Other Transfers	29	66	126
Capital Expenditures	53	49	44
Total Expenditures	245	347	504
SURPLUS	8	7	40

[1]For value of the cruzeiro—see Glossary.
[2]Preliminary.
[3]As published.

Table 6. Labor Force by Sector, Selected Years, 1950-78
(in thousands)

Sector	1950*	1960*	1970*	1978
Agriculture	10,253	12,277	13,088	15,127
Industry	1,843	2,232	3,705	7,640
Construction	585	281	3,194	
Commerce	958	1,487	2,263	4,295
Personal services	1,673	2,746	3,627	7,665
Transportation and communications	689	1,047	1,227	1,669
Social services	398	690	1,406	2,858
Public administration	512	713	1,151	1,489
Other services	206	777	1,370	1,055
TOTAL	17,117	22,750	29,557	44,992

*Based on census data.

Source: Based on information from Brazil, Secretaria de Planejamento de Presidência da República, Fundação Instituto Brasileiro de Geografia e Estatística, *Anuário Estatístico do Brasil 1980*, 41, Rio de Janeiro, 1980, 120.

Table 7. Production of Selected Minerals, 1976-79

Mineral	Unit	1976	1977	1978	1979
Metallic Minerals					
Bauxite	thousands of tons	988	1,352	1,401	2,884
Lead ore	—do—	283	266	274	329
Copper ore	tons	571	621	647	687
Chromium ore	thousands of tons	887	683	958	891
Tin ore	—do—	8	9	11	12
Iron ore	millions of tons	107	100	104	118
Manganese ore	—do—	3	3	3	3
Nickel ore	thousands of tons	422	339	286	247
Gold	tons	5	5	9	22
Silver	—do—	1	12	16	1
Zinc	thousands of tons	285	458	498	545
Nonmetallic Minerals					
Limestone	millions of tons	35	39	46	45
Kaolin	thousands of tons	710	940	1,595	1,343
Dolomite	—do—	1,599	1,663	1,092	1,712
Feldspar	—do—	85	100	99	370
Gypsum	—do—	545	543	475	465
Graphite	—do—	31	54	48	136
Magnesite	—do—	415	481	410	590
Talc	—do—	151	190	195	297
Coal	—do—	7,876	10,045	11,816	13,943

Source: Based on information from Brazil, Secretaria de Planejamento de Presidência da República, Fundação Instituto Brasileiro de Geografia e Estatística, *Anuário Estatístico do Brasil 1980*, 41, Rio de Janeiro, 1980, 120.

Table 8. Production of Selected Industrial Products, 1978-80

Industrial Product	Unit	1978	1979	1980
Electrical power	billions of kilowatt-hours	113	126	137
Coke	thousands of tons	3,487	3,930	4,079
Pig iron	—do—	10,043	11,594	12,685
Steel	—do—	12,107	13,893	15,337
Cement	millions of tons	23	25	27
Automobiles	thousands	535	548	600
Other vehicles	—do—	527	580	565
Tractors	—do—	56	64	70
Tires	—do—	20	22	24
Sugar	thousands of tons	7,913	7,362	8,200
Synthetic rubber	—do—	206	224	249
Newsprint	—do—	134	109	109
Paper and paperboard products	—do—	2,534	2,870	3,360
Airplanes	each	221	279	n.a.

n.a.—not available

Table 9. Landholding by Region, 1975
(in percentage)

Region	Under 10 Hectares		10 to 100 Hectares		100 to 1,000 Hectares		1,000 to 10,000 Hectares		Over 10,000 Hectares	
	Holdings	Area	Holdings	Area	Holdings	Area	Holdings	Area	Holdings	Area
North	44.7	1.8	40.0	14.7	14.5	28.9	0.7	21.8	0.1	32.8
Northeast	70.0	5.4	24.0	22.8	5.6	41.6	0.4	23.3	---	6.9
Southeast	31.8	1.9	52.2	22.6	15.0	47.1	1.0	24.8	---	3.6
South	40.0	5.2	54.5	36.0	5.1	33.8	0.4	22.8	---	2.2
Center-West	26.6	0.4	39.4	4.6	28.1	25.8	5.5	40.0	0.4	29.2
BRAZIL	52.3	2.8	37.9	18.6	8.9	35.9	0.9	28.3	---	14.4

--- means less than 0.1 percent

Table 10. Landholdings, Selected Years, 1920-75
(in percentage)

Size (in hectares)	1920		1940		1950		1960		1970		1975	
	Holdings	Area	Holdings	Area	Holdings	Area	Holdings	Area	Holdings	Area	Holdings	Area
Under 10	71.6	9.0	34.4	1.7	34.4	2.3	44.8	2.4	51.2	3.1	52.2	2.8
10 to 20			16.6	2.3	16.7	2.1	16.4	3.1	15.7	3.7	14.8	3.2
20 to 50			23.9	7.2	23.7	6.5	20.2	8.3	16.8	8.6	16.3	7.8
50 to 100			10.8	7.2	10.6	6.6	8.2	7.6	6.9	8.1	6.9	7.6
100 to 1,000	24.4	27.6	12.8	33.5	13.0	32.5	9.4	34.4	8.5	37.0	8.9	35.8
1,000 to 10,000	3.8	37.4	1.4	31.4	1.5	30.7	0.9	28.6	0.8	27.2	0.9	27.7
Over 10,000	0.2	26.0	0.1	17.0	0.1	19.3	0.1	15.6	0.1	12.3	---	15.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

--- means less than 0.1 percent

Table 11. Average Size of Landholding, Selected Years, 1920-75
(in hectares)

Size	1920	1940	1950	1960	1970	1975
Under 10	34	4.4	4.2	4.0	3.6	3.5
10 to 20		14	15	14	14	14
20 to 50		31	31	31	31	31
50 to 100		70	70	70	70	70
100 to 1,000	307	271	282	273	262	260
1,000 to 10,000	2,657	2,337	2,357	2,313	2,260	2,267
Over 10,000	27,274	26,320	27,938	24,354	24,976	26,897
AVERAGE	270	104	112	75	60	65

Table 12. Landholdings by Form of Tenancy, by Region, 1975
(in percentage)

Region	Owners		Renters		Sharecroppers		Squatters	
	Holdings	Area	Holdings	Area	Holdings	Area	Holdings	Area
North	36.6	58.8	6.0	5.7	1.3	1.0	56.1	34.5
Northeast	53.8	90.9	17.2	2.3	4.4	1.0	24.6	5.8
Southeast	80.6	92.7	6.5	3.6	6.2	1.1	6.7	2.6
South	71.5	87.1	7.6	6.0	11.9	3.5	9.0	3.4
Center-West	61.4	89.2	11.8	2.3	4.8	0.5	22.0	8.0
BRAZIL	61.8	87.4	12.1	3.4	6.3	1.2	19.8	8.0

Table 13. Land Distribution by Tenancy, 1975
(in percentage)

Size (in hectares)	Owners		Renters		Sharecroppers		Squatters	
	Holdings	Area	Holdings	Area	Holdings	Area	Holdings	Area
Under 1 hectare	3.6	---	26.3	0.9	7.4	0.4	17.3	0.4
1 to 5	18.6	0.6	47.4	5.8	44.7	9.9	46.4	4.3
5 to 10	13.8	1.1	10.2	3.9	24.7	13.9	12.4	3.2
10 to 20	18.4	2.8	6.0	4.5	14.5	15.3	8.3	4.3
20 to 50	22.2	7.6	4.3	7.3	6.3	14.2	7.8	8.9
50 to 100	9.9	7.5	2.1	8.0	1.3	6.7	3.2	8.5
100 to 1,000	12.3	35.7	3.5	41.8	1.0	19.4	4.3	39.2
1,000 to 10,000	1.2	29.5	0.2	20.0	0.1	13.2	0.3	21.3
Over 10,000	---	15.2	---	7.8	---	7.0	---	9.9
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

--- means less than 0.1 percent

Table 14. Area Harvested, Production, and Average Yields of Selected Crops, 1978, 1980, and 1981
(area in thousands of hectares; production in thousands of tons; yield in tons per hectare)

Crop	1978			1980			1981		
	Area	Production	Yield	Area	Production	Yield	Area	Production	Yield
Bananas	341	4,375	12.8	376	4,900	13.0	385	4,800	12.5
Beans, dry	4,593	2,390	0.5	4,785	1,969	0.4	4,800	2,339	0.5
Castor beans	350	410	1.2	440	320	0.7	486	300	0.6
Cacao beans	542	310	0.6	640	357	0.6	640	334	0.5
Coffee	2,867	1,200	0.4	3,020	1,290	0.4	3,145	1,950	0.6
Manioc	2,240	26,880	12.0	2,000	23,400	11.7	2,100	25,000	11.9
Oranges	457	7,854	17.2	562	8,977	16.0	656	8,898	13.6
Peanuts, in shell	253	350	1.4	320	545	1.7	235	310	1.3
Potatoes	210	2,015	9.6	180	1,947	10.8	200	1,907	9.5
Rice, paddy	5,200	7,481	1.4	6,469	9,638	1.5	6,638	9,119	1.4
Sisal	251	175	0.7	308	200	0.6	310	203	0.7
Sorghum	105	228	2.2	74	182	2.5	100	251	2.5
Soybeans	7,600	10,200	1.3	8,755	15,140	1.7	8,699	15,525	1.8
Sugarcane	1,680	8,863	5.3	1,489	6,968	4.7	1,680	8,100	4.8
Tobacco	256	329	1.3	250	350	1.4	239	315	1.3
Wheat	2,974	2,691	1.0	3,062	2,676	0.9	2,180	2,100	1.0
Corn	10,700	13,900	1.3	11,621	20,214	1.7	12,810	22,555	1.8
Cotton	1,965	483	0.2	1,980	577	0.3	2,000	596	0.3

Table 15. Livestock, Selected Years, 1920-80
(in thousands)

Year	Cattle	Sheep	Swine	Goats	Poultry
1920	31,987	7,013	14,397	4,160	49,766
1940	34,392	9,285	16,839	6,520	59,274
1950	44,600	13,066	22,971	6,958	73,920
1960	56,041	14,276	25,580	7,820	132,275
1970	78,562	17,643	31,524	5,709	213,198
1980	91,000	18,000	36,500	8,000	394,924*

*1979

Table 16. Livestock by Region, 1979
(value in billions of cruzeiros)[1]

	North		Northeast		Southeast		South		Center-West	
	Thousands	Value	Thousands	Value	Thousands	Value	Thousands	Value	Thousands	Value
Cattle	2,800	22.4	20,513	175.3	35,115	311.1	21,160	202.0	29,590	231.3
Draft Animals[2]	424	4.5	3,505	12.5	2,020	13.1	1,340	8.3	1,034	5.1
Swine	1,456	1.6	19,546	10.4	6,861	12.3	13,245	3.1	3,587	3.7
Sheep	89	0.1	6,117	4.1	266	0.2	11,146	9.8	187	0.1
Goats	55	0.03	7,429	4.1	203	0.1	293	0.2	91	0.04
Poultry	17,810	1.5	78,259	6.1	160,934	8.2	118,795	5.6	19,125	1.3

[1]For value of the cruzeiro—see Glossary.
[2]Horses, donkeys, mules, and buffalo.

Table 17. Animal Products Production, 1975-82
(in thousands of tons)

Year	Beef and Veal	Pork	Mutton, Lamb, and Goat Meat	Poultry	Milk	Wool, Greasy Basis	Eggs (in millions)
1975	2,150	760	56	534	8,849	32	6.0
1976	2,230	784	52	604	9,296	31	6.1
1977	2,400	834	51	691	9,539	27	6.3
1978	2,200	850	44	858	10,800	26	6.6
1979	2,100	900	48	1,096	10,100	31	7.2
1980	2,150	1,000	45	1,326	10,265	28	9.6
1981	2,250	980	44	1,491	10,500	30	10.2
1982*	2,500	970	44	1,591	10,700	n.a.	10.2

n.a.—not available
*Projected.

Table 18. Exports of Wood Products, Selected Years, 1975-80
(quantity in thousands of tons;
value in thousands of United States dollars)

	Wood		Processed Wood Products		Total	
	Quantity	Value	Quantity	Value	Quantity	Value
1975	413,474	135,326	279,110	100,120	692,584	235,446
1977	468,860	161,209	289,732	94,358	758,592	255,567
1979	654,521	275,328	923,460	352,469	1,577,981	627,797
1980	750,073	337,673	1,293,694	608,416	2,043,767	946,089

Table 19. Fish Production by Region, 1979
(quantity in tons; value in thousands of cruzeiros)*

Region	Quantity	Value
North	88,929	1,685
Northeast	166,035	5,774
Southeast	280,966	3,659
South	317,501	4,137
Center-West	4,752	99
TOTAL	858,183	15,354

*For value of the cruzeiro—see Glossary

Table 20. Fish Production by Variety, 1979
(quantity in thousands of tons; value in millions of cruzeiros)*

Variety	Saltwater		Freshwater	
	Quantity	Value	Quantity	Value
Fish	543	7,004	117	2,427
Crustaceans	98	4,864	7	201
Mollusks	3	78	---	---
Cetaceans	3	26	---	---
Other	85	716	2	37
TOTAL	732	12,688	126	1,665

---means not applicable
*For value of the cruzeiro—see Glossary

Table 21. Agricultural Output and Credit, 1969-79
(1969 = 100)

Year	Net Agricultural Output	Total Credit	Ratio of Credit to Output
1969	100	100	0.45
1970	100	119	0.54
1971	116	137	0.54
1972	126	170	0.61
1973	159	241	0.69
1974	183	298	0.74
1975	191	434	1.02
1976	213	445	0.95
1977	256	397	0.70
1978	250	404	0.73
1979	268	503	0.85

Table 22. Exports of Selected Agricultural Commodities, 1975-81
(quantity in millions of tons; value in billions of United States dollars)

Year	Tropical Products		Oilseed Products		Tobacco and Cotton		Animal Products		Horticultural Products		Grains and Grain Products	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
1975	3.45	2.56	6.35	1.43	0.25	0.36	0.12	0.22	0.42	0.17	1.10	0.16
1976	2.99	3.27	8.06	1.95	0.15	0.29	0.15	0.34	0.35	0.17	1.39	0.19
1977	4.07	4.10	7.93	2.32	0.19	0.42	0.18	0.38	0.36	0.26	1.76	0.23
1978	3.50	3.71	6.27	1.72	0.21	0.48	0.17	0.37	0.53	0.49	0.31	0.01
1979	3.32	3.90	6.15	1.91	0.19	0.55	0.18	0.49	0.56	0.49	0.17	---[1]
1980	4.29	5.12	8.49	2.45	0.20	0.59	0.27	0.68	0.60	0.51	0.05	0.01
1982[2]	*4.29*	*3.78*	*11.06*	*3.41*	*0.23*	*0.67*	*0.47*	*1.00*	*0.88*	*0.84*	*0.05*	*0.02*

[1]Less than US$ 01 billion
[2]Estimated

Table 23. Summary of Imports by Commodity Group, 1977-80
(in millions of United States dollars)

Commodity Group	1977	1978	1979	1980[1]
Consumer Goods				
Cereals	280	702	984	1,239
Foods and oils	420	494	815	n.a.
Other	511	622	767	1,316
Total Consumer Goods	1,211	1,818	2,566	2,555
Crude Oil and Products	4,081	4,483	6,773	10,210
Intermediate Goods				
Fertilizers	301	309	422	620
Iron and steel products	579	476	482	584
Copper and products	263	218	369	489
Aluminum and products	141	121	163	162
Other metals	101	96	134	n.a.
Chemicals	893	1,026	1,385	n.a.
Plastics	176	202	254	454
Rubber	111	139	172	n.a.
Paper	138	135	166	248
Other	926	1,107	1,423	3,247
Total Intermediate Goods	3,629	3,829	4,970	5,804
Capital Goods				
Machinery and equipment	2,569	2,893	3,310	3,514
Transportation materials	533	660	464	878
TOTAL (f.o.b)[2]	12,023	13,683	18,083	22,961

n.a.--not available
[1]Preliminary
[2]Freight on board

Table 24. Summary of Major Exports, Selected Years, 1972-79
(in millions of United States dollars)

Commodity	1972	1977	1978	1979
Coffee beans	989	2,288	1,935	1,918
Soluble coffee	68	326	349	409
Soybean meal	128	710	170	179
Soy meal	152	1,150	1,050	1,138
Soybean oil	0	274	283	327
Sugar	404	463	350	364
Cotton	189	40	53	1
Cacao	59	435	454	486
Corn	10	136	2	2
Wool	16	53	60	59
Tobacco	47	186	239	284
Other agricultural products	470	720	723	861
Iron ore	232	907	1,029	1,288
Manganese ore	27	32	49	59
Other minerals	15	24	17	32
Semiprocessed materials	310	714	1,105	1,538
Transport equipment	69	492	828	1,094
Machinery (including boilers)	55	427	566	711
Steel manufactures	52	101	214	446
Shoes	55	175	281	351
Electrical equipment	39	281	315	344
Orange juice	42	177	333	282
Cotton thread	23	120	117	155
Office equipment	31	113	127	154
Processed meat	51	119	98	127
Cotton textiles	26	69	67	110
Other manufactured products	387	1,309	1,667	2,369
Other exports	45	279	178	156
TOTAL (f.o.b.)*	3,991	12,120	12,659	15,244

*Freight on board.

Table 25. Summary of Balance of Payments, 1977-80
(in millions of United States dollars)

	1977	1978	1979	1980[1]
Exports (f.o.b.)[2]	12,120	12,659	15,244	20,132
Imports (f.o.b.)	-12,023	-13,683	-18,084	-22,961
Trade Balance	97	-1,024	-2,840	-2,829
Interest Payments (net)	-2,462	-3,344	-5,347	-7,150
Other Service Payments (net)	-1,672	-1,647	-1,834	-2,200
Balance on Current Account	-4,037	-6,015	-10,021	-12,179
Direct Foreign Investment (net)	810	1,071	1,491	1,202
Brazilian Loans to Foreigners	-267	-357	-610	568
Medium- and Long-term Loans (net)	940	988	759	1,011
Financial Credits (net)	3,690	7,857	4,606	4,440
Other Capital Movements[3]	-506	718	560	1,459
Balance on Capital Account	4,667	10,277	6,806	8,680
Change in Reserves[4]	-630	-4,262	3,215	3,499

[1]Preliminary.
[2]Freight on board.
[3]Includes errors and omissions.
[4]A negative sign indicates an increase in currency reserves.

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Glossary

captaincies—Major territorial divisions of early period; consisted of huge land grants by Portuguese crown to favored individuals.

carioca—Native of the city of Rio de Janeiro; also used in reference to culture of that city.

cruzeiro (Cr$)—The national currency consisting of 100 centavos. Since August 1968 Brazil's monetary authorities have followed a flexible exchange rate policy in which the cruzeiro is adjusted by small amounts at frequent intervals—often every week or two. The adjustments take into account the movement of prices in Brazil relative to those in its main trading partners, the level of foreign exchange reserves, export results, and the country's balance of payments. In December 1979 the authorities devalued the cruzeiro by about 30 percent because a lag in mini-devaluations had caused the currency to become overvalued. Because of the frequent devaluations, an average rate for a year, as published by the International Monetary Fund (IMF—*q.v.*) in the monthly *International Financial Statistics*, is often the best way to convert between cruzeiros and dollars. The average rates in recent years of cruzeiros per US$1 were as follows: 8.13 in 1975, 10.67 in 1976, 14.14 in 1977, 18.07 in 1978, 26.94 in 1979, 52.71 in 1980, 93.12 in 1981, and 179.51 in 1982.

favela—The jerry-built squatter settlement on the fringes of Rio de Janeiro. These suburban shantytowns have other names in other major cities, but the term *favela* is recognized as descriptive of all.

favelados—Dweller in a *favela (q.v.)*.

fazenda—A large agricultural estate. Originally, the Portuguese equivalent of the hacienda of Spanish America, characterized by a personalized patron-worker relationship. The term has come to apply to almost any agricultural landholding of more than a few hectares without regard to the kind, organization, or utilization of the property.

fiscal year—Coincides with calendar year.

gáucho—Literally, a cowboy of the southern plains region, but more frequently used to designate a native of Rio Grande do Sul.

gross domestic product (GDP)—A value measure of the flow of domestic goods and services produced by an economy over a period of time, such as a year. Only output values of goods for final consumption and investment are included because the values of primary and intermediate production are assumed to be included in final prices. GDP is sometimes aggregated and shown at market prices, meaning that indirect taxes and subsidies are included; when these have been eliminated, the result

is GDP at factor cost. The word *gross* indicates that deductions for depreciation of physical assets have not been made. *See also* gross national product.

gross national product (GNP)—Gross domestic product (GDP—*q.v.*) plus the net income or loss stemming from transactions with foreign countries. For Brazil, GNP is usually somewhat less than GDP because of factor payments abroad. GNP is the broadest measure of the output of goods and services by an economy. It can be calculated at market prices, which include indirect taxes and subsidies. Because indirect taxes and subsidies are only transfer payments, GNP is often calculated at factor cost by removing indirect taxes and subsidies.

International Monetary Fund (IMF)—Established along with the World Bank (*q.v.*) in 1945, the IMF is a specialized agency affiliated with the United Nations and is responsible for stabilizing international exchange rates and payments. The main business of the IMF is the provision of loans to its members (including industrialized and developing countries) when they experience balance of payments difficulties. These loans frequently carry conditions that require substantial internal economic adjustments by the recipients, most of which are developing countries. In late 1982 the IMF had 146 members.

mineiro—Literally, miner. A native of Minas Gerais.

município—Administrative unit corresponding to a country in the United States system. It is the principal subdivision of the state and consists of a population center and its immediate surrounding territory.

pardo—Literally, brown. An official census classification referring to brown-skinned people, including blacks, Indians, or those of black, white, or Indian mixture.

parentela—Complete network of kinsmen; extended kin group.

paulista—A native of São Paulo, but specifically of the city.

prêto—Literally, black. An official census classification and vernacular term applied to blacks and their physical types.

sertão—A subregion of the Northeast. The term is used generally to describe any isolated and little-developed hinterland interior. In Brazil it applies specifically to the arid interior of the Northeast.

vaqueiro—Cowboy of the Northeast.

World Bank—Informal name used to designate a group of three affiliated international institutions, the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC). The IBRD, established in 1945, has the primary purpose of providing loans to developing countries for productive projects. The IDA, a legally separate loan fund but administered by the staff of the IBRD, was set up in 1960 to furnish credits to the poorest developing countries on much easier terms than those of conventional IBRD loans. The IFC,

founded in 1956, supplements the activities of the IBRD through loans and assistance designed specifically to encourage the growth of productive enterprises in the less developed countries. The president and certain senior officers of the IBRD hold the same positions in the IFC. The three institutions are owned by the governments of the countries that subscribe their capital. In 1982 the IBRD had over 140 members, the IDA had 130, and the IFC over 120. To participate in the World Bank group, member states must first belong to the International Monetary Fund. (IMF—*q.v.*).

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