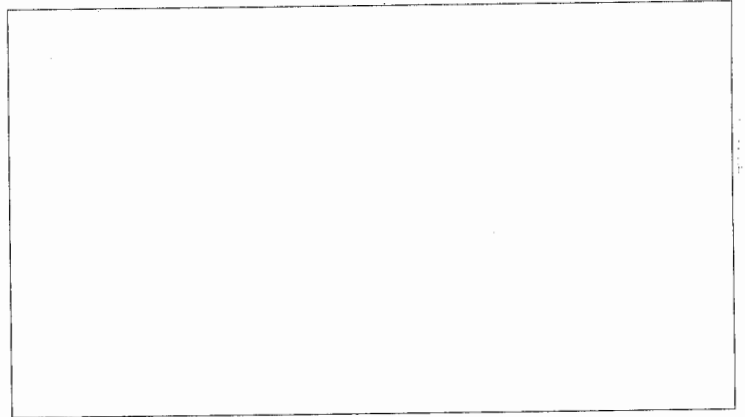


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DIRECTORATE OF
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WEEKLY SUMMARY

Special Report

The Brazilian "Revolution": Stage Three

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The Brazilian "Revolution": Stage Three

President Emilio Medici is the third former military man to govern Brazil since the armed forces removed leftist-nationalist Joao Goulart in April 1964. Like his predecessors, Humberto Castello Branco (April 1964 - March 1967) and Arthur da Costa e Silva (March 1967 - October 1969), Medici came to the presidency without actual civilian consultation. He was chosen by, and has his power base in, the military establishment; and he inherited some well-established policy lines and practices identified with the 1964 "revolution." Medici now holds unprecedented authoritarian powers, and he has cited a return to democracy, as well as long-overdue reforms in education, health, and agriculture, as major goals of his administration. His programs face many potential hazards, however. Lack of communication and a gulf of mistrust continue to separate the military from civilian politicians, and Medici will need great imagination and diplomacy to bridge the gap by the end of his term in 1974.

THE MEDICI ADMINISTRATION

Emilio Medici is a tough-minded, retired career army officer who has spent most of his life in the service. His only important contact with political affairs prior to assuming the presidency occurred during the period from March 1967 to March 1969, when, as chief of the National Intelligence Service (SNI), he served as one of the President's most trusted confidants. Medici continued to advise Costa e Silva following his assignment to command the Third Army in Rio Grande do Sul, the native state of both men. When the President was incapacitated by a stroke last August, Medici's closeness to the infirm chief executive was one of the reasons for his selection as successor by the military leadership.

The new president is a taciturn, deliberate individual whose style of governing Brazil undoubtedly derives from his 45 years of study and practice of the principles of military command. He almost invariably backs his subordinates and

protects them from external pressures as long as their loyalty to him is untarnished and he continues to find them useful. At the same time, he would act swiftly against anyone whom he suspected of disloyalty or dishonesty, or of permitting news of bickering in the official family to become public. The value Medici places on performance and technical competence was reflected in the selection of officials for his administration. Most of them are capable civilian and military technicians who have no personal political



"By the end of my administration, I hope to leave democracy definitively installed in our country, as well as firm bases for our social and economic development."

President Emilio Medici

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followings. Medici largely reserves the role of dealing with politicians for himself. In announcing his cabinet selections, Medici stressed that he intended them to work as a united team and that he would not tolerate any "solitary or errant stars" who would use their posts to further their political ambitions. Six ministers are holdovers from the Costa e Silva cabinet, and ten are new appointees. Two of the holdovers—Education Minister Passarinho and Transportation Minister Andreazza—are young, politically astute, retired army colonels, whose military backgrounds and civilian ties caused them to be considered possible "transition" candidates for the presidency after Costa e Silva. Under Medici, however, both appear to have set aside, at least for a while, their political aspirations and are concentrating on the considerable problems facing their departments. The new ministers of health and agriculture should perform much better than their predecessors in these key areas. The new justice minister, Alfredo Buzaid, is the cabinet's most conservative member. He is heartily disliked by liberals and students for his alleged role in the purge of more than 60 professors at the University of Sao Paulo last spring. He has recently been sharply attacked by the already semicontrolled press for issuing a decree authorizing the federal police to censor books and periodicals before distribution in order to eliminate "publications and outward expressions against morality and accepted custom." More than 100 new censors are being hired to handle the increased workload.

Medici's actions during his four months in office suggest that he will place much less reliance on the cabinet as a consultative body and on the National Security Council (CSN) than did Costa e Silva. Currently, in the day-to-day operations of the government and in advising the chief executive, the most important official organs are the SNI and the Presidential Military Household, both of which are headed by dedicated supporters of

Medici. SNI director General Carlos Fontoura served as chief of staff of the Third Army until he replaced Medici as head of the SNI in March 1969. Military Household chief General Joao Figueiredo followed Fontoura as Third Army chief of staff, and as such was then Medici's principal assistant and probably now is his closest adviser. In addition to his army experience, Figueiredo served as chief of the SNI's predecessor agency, and from 1964 to 1966 headed the SNI's Rio de Janeiro office. Figueiredo has brought together in the Military Household a highly structured group of able young officers of a somewhat moralistic bent. These officers, and similar military counterparts in the SNI, have mainly been responsible for drafting most of Medici's important policy statements. A new Special Presidential Advisory Office apparently will have increasing responsibilities for coordinating matters coming before the executive. In contrast, Medici thus far has given only a minor role to the Presidential Civil Household, which was quite active under Costa e Silva.

THE VICE PRESIDENT

An unknown factor in the administration is Vice President Rademaker, a controversial retired admiral who made many enemies during his naval career. A staunch conservative, Rademaker helped plan the "revolution" against Goulart, and subsequently had an important part in purging subversive elements from the service. As Costa e Silva's navy minister, he became the senior member of the triumvirate that ruled in Costa e Silva's name following his incapacitation. Rademaker reportedly rejected the vice presidency at least twice, and accepted it only at



Vice President
Rademaker

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Medici's insistence. The President apparently chose Rademaker as a symbol of the continuity of the "revolution," ~~but now may regret this decision.~~ Although Rademaker has assembled a large personal staff, with military officers predominating, his official role remains unclear. The revisions of the 1967 constitution in 1969 took from the vice president his principal, traditional duty of presiding over the Congress. Nonetheless, Rademaker has worked hard to make new contacts with civilian politicians and to keep up his ties with military figures



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MILITARY UNITY

Like that of his two predecessors, Medici's power base lies in the military establishment, and he must constantly be concerned about preventing any signs of division within the armed forces. For the present, he holds several strong cards. His election by top officers was largely due to his excellent army record and reserved personality, which made him acceptable to a broad sector of the armed forces. His selection also provided a welcome solution to the threat to military unity posed by ambitious generals maneuvering for the presidency. Costa e Silva's plans to reopen Congress and overhaul the Constitution had been bitterly opposed by a substantial sector of the military, but these steps were taken by the triumvirate as essential parts of the process of installing Medici, creating a narrow political opening that Medici can expand if he chooses. He has achieved a balance among the military factions by appointing followers of Castello Branco to such high positions as Military Household chief and army minister. The latter, General Orlando Geisel, is a strict disciplinarian who will brook no dissent in the service. Even malcontents such as General Albuquerque Lima, who bitterly attacked the military chiefs for failing to consider him for the

President Medici greets General Albuquerque Lima

presidency, appear to have been brought into line, at least for the present. The triumvirate gave Medici a powerful tool to curb any military dissension with the issuance of Institutional Act 17, which authorizes him to transfer to the reserves any military man whose actions he believes pose a threat to discipline or to hierarchical principles. In more serious cases, he can permanently separate such an individual from the service under the earlier Institutional Act 5. Medici probably has also earned some armed forces favor by authorizing pay increases that will mean an approximately 20 to 25 percent rise in real wages this year, following a similar increment in 1969.

A ROLE FOR CIVILIANS

Immediately after Medici's selection for the presidency, he said that one of his principal goals would be to establish democracy firmly in Brazil by the end of his term. In order to achieve this goal, he must chart a course through dangerous waters. The President's powers will have to be reduced, military support must be maintained, and a legitimate role for civilians must be found.

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Medici inherited far greater powers than those held by his two revolutionary predecessors at their inaugurations. Castello Branco's legacy to his successor was four institutional acts—decrees with the force of law—and a constitution incorporating broad executive authority. By October 1969, however, Costa e Silva and the triumvirate had expanded these powers greatly by means of 13 additional institutional acts, a substantial revision of the 1967 constitution, and a new National Security Law authorizing trial by military courts for persons accused of a wide variety of subversive activities. Medici also inherited a list of over 1,000 Brazilians—including three former presidents—whose political rights have been canceled for ten years on the grounds of corruption or subversion. In many cases the charges were justified; in others, however, the sanction was used to neutralize outspoken opposition spokesmen or to remove political rivals. The President now has the authority to add to this list; to apply additional penalties to persons who have already been deprived of their political rights; to confiscate the property of anyone who has ever held political office; to suspend the right of habeas corpus and most other traditional liberties; and to declare a state of siege for an unlimited time. In order to carry out his directives, he can rely on the armed forces with their individual intelligence services, on the SNI and on the Federal Police, and on the Police-Military Inquiry (IPM), a formal fact-finding body that has played an important role in the purging of individuals at many levels on suspicion of corruption or subversion.

These powers and institutions give Medici a wide range of options within parameters acceptable to the military in governing Brazil. He can operate within the constitution or exercise almost absolute authority. Medici is said to have a profound belief in representative government and in the principles of democracy, and these convictions may lead him to preserve democratic forms

and appearances even when democratic practice proves impossible. Because Medici has largely remained aloof from politics during his military career, there is little information on what his goal of democracy means or how he intends to achieve it. Public statements suggest that he views politics as a means of producing national consensus around high ideals and "great national goals" that have universal acceptance, and that he believes personal ambitions and conflicting pressures by special interest groups have no constructive function in the political process.

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Medici has said that his joining the pro-government National Renewal Alliance (ARENA) party shortly after his inauguration represented the start of the reconstruction of Brazil's political life. He declared at that time that ARENA's function was to give political support to his government and to the "revolution," and he made it clear that his role in the party would be that of a "firm captain and not of an agile politician." He rapidly implemented his command role by hand-picking a president for ARENA, as well as its leaders in the two chambers of Congress. This departure from tradition surprised party stalwarts who had expected to get the jobs.

A WARY CONGRESS

Many facets of Medici's political program will be tested in the Congress. Under Costa e Silva, the unexpected refusal of the Chamber of Deputies to allow the lifting of the parliamentary

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immunities of a member accused of slandering the armed forces was a prime cause leading to the imposition of broad new authoritarian powers in December 1968. This executive action resulted in the suspension of Congress, which was reopened only last October to ratify the armed forces' selection of Medici. The Congress that will function under Medici has been reduced both in size and authority. Cancellations of political rights have eliminated 88 members (27 from ARENA and 61 from the opposition Brazilian Democratic Movement-MDB) from the 409-seat Chamber of Deputies, and five legislators (all from the MDB) have been removed from the 66-seat Senate.

During an abbreviated session from 20 October to 30 November, the members of Congress concentrated on avoiding incidents that might cause the government and the military to retaliate and on staking out positions on which they could build a role for the two political parties. The MDB accepted Medici's guidance that it act as a loyal opposition, "pointing out errors, agreeing with correct points, indicating paths." It called for repeal of the institutional acts; for an end to arbitrary and punitive political acts such as cancellation of political rights, confiscation of property, and censorship; for termination of the recently adopted death penalty and banishment; for full popular participation in the national decision-making process by means of direct, universal, secret suffrage; for the restoration of full individual and political rights and liberties; for the restoration of the power and autonomy of the legislative and judicial branches vis-a-vis the executive; and for greater economic and social justice. In setting forth this all-inclusive program, the MDB was careful not to blame Medici for the present authoritarian political situation and applauded his aspirations to correct it. The MDB spokesmen stressed the party's intention to act exclusively within the law and expressed its abhorrence of any sort of violence.

ARENA leaders in Congress often were torn between a desire to act with some degree of independence and their need to demonstrate to the President that they were loyally defending his programs and the "revolution." As a result, the MDB seized the initiative and adopted positions that in fact often were held by the entire "political class."

THE ILLEGAL OPPOSITION

The great majority of the 92 million Brazilians have little knowledge of politics and do not believe that anything they do will significantly affect those who govern them. Those who are politically aware—mainly professional politicians and the economic decision-makers—look upon the present government with views ranging from firm approval to resignation. There is, however, a small minority completely alienated from "the system" and willing to use violence to express opposition to it. This nebulous and fragmented sector, probably numbering not more than a few hundred, includes some purged politicians, former military men cashiered because of their leftist political or subversive activity, students expelled from universities for similar reasons, and members of the radical wing of the Catholic Church who consider the military a reactionary force. In addition, there is probably a considerably larger sector of society that does not engage in violence, but at times expresses considerable sympathy—and at times gives concrete assistance—to those who do.

Some of the individuals who have turned to violence claim they have adopted this course because all channels of peaceful opposition have been closed off by the government's authoritarian measures. Others say they have resorted to clandestine activity because they found their livelihood cut off as a result of government action. These individuals, particularly former students,

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have formed the nucleus of several subversive organizations that have carried on an extensive campaign of antigovernment terrorism over the past two years. In several cases, the leadership has been provided by professional extreme leftists, many of whom have been expelled from the Moscow-line Brazilian Communist Party (PCB) because of their espousal of violent tactics and their admiration for the revolutionary theories of Mao Tse-tung and Fidel Castro. Terrorist activities, which have hit Sao Paulo hardest, have included bombings, kidnappings, robberies of banks and stores selling arms, and airliner highjackings.

SECURITY FORCES ACTIVE

Following the kidnaping of US Ambassador Elbrick last September, security forces went on an all-out campaign to wipe out these subversive groups, and they recently claimed to have neutralized some of the most important ones. These include the National Liberating Action (ALN), the Revolutionary Armed Vanguard-Palmares (VAR-P), and the Revolutionary Brazilian Communist Party (PCBR). Numerous arrests of members of the PCBR and Popular Action (AP) militants in the northeast may have prevented an outbreak of rural violence in that potentially volatile area. The security forces' greatest triumph was the killing last November of dissident Communist Carlos Marighella, chief of the ALN and the country's most effective terrorist leader. Several key figures in other terrorist groups have been arrested, and others have been forced to go into hiding or flee the country. Marighella's heir apparent, Joaquim Camara Ferreira, received a warm reception in Cuba. The fact that terrorism does continue, even though on a considerably lower scale, indicates that remnants of these groups remain at large. Probably the most dangerous of their leaders is renegade Army Captain Carlos Lamarca, who heads the Popular Revolutionary Vanguard (VPR).

One of the reasons for the government's improved record in repressing subversives is better coordination of security forces

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ECONOMIC PROGRESS

Competent civilian professionals who have largely designed Brazil's economic policy since 1964 have achieved considerable success in correcting their predecessors' mistakes and establishing conditions for sustained growth. They have emphasized curbing credit, halting the inherited wage/price spiral, and reducing the federal budget deficit by controlling expenditures and increasing revenue through improved tax collection and other reforms. Financial stabilization efforts under Castello Branco reduced the cost-of-living increase from a projected annual rate of 140 percent in early 1964 to 41 percent by 1966. Continued austerity under the Costa e Silva team held the increases under 25 percent during the

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past three years. Exports, previously stagnant, have increased throughout the period, and grew by 20 percent in 1969 to the record level of \$2.3 billion. Although imports rose sharply, growing export earnings and capital inflows have enabled exchange reserves to increase steadily. Investment, which remained depressed under Castello Branco, rose rapidly under Costa e Silva. Even though a recession slowed growth early in 1967, total output grew by nearly 5 percent that year; the 8.5 and 9 percent increases in 1968 and 1969 were the highest in Latin America. Many serious problems remain, however. Some industrial growth has been attained at the expense of neglecting agriculture. There are great lags in the development of some regions, and the foreign debt burden is heavy.

GOVERNMENT-LABOR RELATIONS

Despite these major economic gains, the austerity programs of the post-1964 governments have resulted in some decline in the real wages of many workers. The Medici regime's labor minister has said that the government plans to increase the purchasing power of the workers indirectly by providing more educational scholarships, increased medical assistance, and greater funds for the acquisition of private housing. He called for the cooperation of all unions in these endeavors and urged them to organize consumer cooperatives and local schools to assist the government. Workers were unable to find in his words or in those of President Medici any indication that rigid governmental controls over the unions would be relaxed or that the salary policy would be modified.

OUTLOOK

The armed forces appear determined to remain in control of Brazil for at least the next four years. Although differences exist, the military are

united in the conviction that their principal role is to control corruption and subversion, and that the conduct of national affairs must never be allowed to return to those whom they hold responsible for the pre-1964 political turmoil. At the local level, military leaders are confident of their ability to control and direct the areas under their command and have little or no fear of the development of significant opposition to the regime or to themselves. They sympathize with workers but regard unions and union leaders with deep suspicion and with a measure of contempt. The officers are particularly mistrustful of the ability of the electorate to vote intelligently and of the capacity of the political parties to organize and lead the nation.

These widely held attitudes will require the Medici government to be "extremely attentive to its duties toward its base of military support," according to a leading Brazilian political columnist. Medici will almost certainly continue to use all methods available, including the issuing of decree laws, cancellation of political rights, censorship, and suspension of habeas corpus, to make certain that he retains control of the limited return to more normal political processes. He has indicated that campaigning for the gubernatorial elections in October and the congressional elections in November can proceed only when he gives the green light, and he will rely on the SNI and on the army's regional commands to assure him that the political credentials of candidates of both the two parties are acceptable. Medici will certainly exercise a veto over candidates not firmly committed to the goals of the "revolution" and he in fact will take an active role in selecting the men who will collaborate with him as governors, and possibly in Congress as well. This decision not to make any rapid move toward restoring "full democracy" probably is both a reflection of his own inclinations and a judgment that his military base will not allow such a course now.

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The regular sessions of the national Congress and state legislatures scheduled to open in March are likely to test whether the civilian politicians will maintain the cooperative attitude they have shown the government thus far. Some ARENA members may grow restive about the organization's identification as the "1,000 percent" progovernment party, and not all MDB members are satisfied with the limited role of constructive criticism that has been assigned to the opposition. The politicians generally are aware of the military's ingrained distrust of them, and they know that any harsh criticism of the armed forces or of the government could result in civilians being denied even the very restricted participation they now have. The President might make such a decision on his own initiative, or he could be pushed into it, as was Costa e Silva in 1968.

It seems doubtful that Medici can gain much support among those elements that have become deeply alienated from the government particularly some of the university youth and professors and certain liberal sectors of the clergy. Most activist university students have been cowed by the possibility that they could be expelled and prohibited from attending any university for engaging in political activity, but some will probably continue to engage in clandestine antigovernment activity through terrorist groups. The implementation of long-needed reforms in education could reduce their number and influence, but the challenge to the government in this area is indeed a massive one. The arrest of clergymen linked to the Marighella organization was a severe blow, but opposition to the government—in some cases violent—within the liberal sector of the church is likely to grow and to present an increasing dilemma for the hierarchy.

Labor remains unhappy about the government's restrictive wage policies. The unions tradi-

tionally have been run largely from the Labor Ministry, however, and because they have little independent power, it is unlikely that they will be able to pose any significant challenge to these policies in the foreseeable future.

Medici's economic team is expected to continue its predecessors' policies of restraining credit, controlling wages and prices, and promoting increased investments and exports. Further efforts to broaden the capital market and to strengthen regional development will also be made. Prospects, thus seem favorable for realization of the government's goal of maintaining the annual increase in the gross domestic product at 7 to 9 percent during 1970-73. Administration officials have said that agriculture, education, health, and science will receive particular attention from the Medici government. Brazil's economic progress since the revolution has provided an increasing capability to tackle deficiencies in these areas, but such programs will have to compete for scarce resources with other priorities essential to sustained high growth.

Brazil's long-range plans for becoming an important world power are likely to result in adopting some economic policies that frequently will not parallel those of the US, and at times may be in direct conflict with them. Friction has already arisen over issues such as coffee prices, the allocation to shipping lines of goods carried to and from Brazil, and some other bilateral questions.

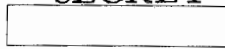
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There remains a possibility that Medici might not be able to complete his term of office.

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[Redacted]

Thus the succession issue could again provoke serious differences within the military, a circumstance that could provide an opening for ambitious officers with some civilian backers, such as General Albuquerque Lima. [Redacted]

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