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Brazil: The Changing Dynamics of Civilian-Military Relations

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An Intelligence Assessment

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*ALA 87-10032
June 1987*

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Brazil: The Changing Dynamics of Civilian-Military Relations

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An Intelligence Assessment

This paper was prepared by [Redacted]
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Brazil: The Changing Dynamics of Civilian-Military Relations



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Key Judgments

Information available as of 15 May 1987 was used in this report.

When Brazil's President Jose Sarney came into office in early 1985, the country saw 21 years of military rule come to an end. In the opening days of his new government, President Sarney began the process of institutionalizing civilian rule. Sarney moved quickly to cultivate military good will by working with the Congress to oppose human rights trials of military officers and substantially increase defense budget outlays. With an expanded budget, according to US defense attache reporting, military leaders turned their attention to building up their fighting capability and increasing their professionalism. Simultaneously, the military high command maintained a highly influential, but low profile, political advisory role in the Sarney administration.



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Until last November, all seemed to be going well. Sarney's record was one of important accomplishments—passage of political and agrarian reforms, orderly national elections, economic growth, and price stabilization. With the collapse of the Cruzado Plan, which had allowed wages to rise while freezing prices, new and unpopular economic adjustment measures announced late last year unleashed a series of strikes and violent demonstrations. Although publicly supporting Sarney, the military grew increasingly alarmed over government drift.



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Against this backdrop, the Brazilian military is now facing a dilemma as it tries to reconcile its support for Sarney—in order to safeguard the gains it has made under his administration—with the risk of associating too closely with the President as his political support erodes. In light of these conflicting forces, we judge that the high command will soon have to decide what role to play in Brazil's unfolding political drama.



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The military is almost certain to become more involved in politics, although the institutionalization of civilian rule has reduced the risk of an outright military takeover. Under the most likely scenario, the military will opt to stay largely on the sidelines and defer to the Constituent Assembly on the presidential succession question. The military's leaders will probably continue to back the President through the remainder of his term, while at the same time actively lobbying party leaders to safeguard their interests into the next administration.



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Despite our cautious optimism, we believe that a sudden economic or political slide could prompt the military into bolder actions. For example, a sharp acceleration of inflation, violent strikes, or serious threats from the radical left could provoke a more interventionist policy. Under these conditions, the high command, acting in concert with key congressional leaders, could move legally to remove Sarney from office before the end of 1987. In a variant on this theme, we believe that a legislative deadlock on the question of an early end to Sarney's term could cause the military to demand civilian leaders to remove the President. In this scenario, the interim president—either civilian or military—would be a consensus choice and most likely would serve only until the next presidential election, probably in late 1988. []

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The possibility of an outright military takeover—although currently remote, in our view—would increase if civil order began to unravel. In such a case, military intervention could end up following the Brazilian historical norm—a military government for a temporary period, possibly one to two years. Popular desire for democratic government combined with the military's reluctance to take on Brazil's difficult social and economic problems would probably lead the high command to hand power back to the civilians soon after the political crisis had calmed. []

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Despite greater behind-the-scenes influence exercised by the military in our first three scenarios, we judge that any civilian government that might replace Sarney in the near term will not offer major concessions to Washington to resolve a wide range of bilateral irritants. Popular sentiment in favor of high economic growth and restrictive trade and investment practices is likely to continue to produce nationalistic policies detrimental to US interests. However, the democratic transition will remain on track, serving as an example for other countries in the region and setting the stage for improved bilateral military cooperation in the long term. []

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Should the military return to power by force, Washington's support for democracy in the region would suffer a serious setback. Nevertheless, such a military government—probably less responsive to populist pressures—might implement orthodox economic adjustment measures to brake galloping inflation and pursue more moderate debt policies than did its civilian predecessor. []

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Figure 1



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Brazil: The Changing Dynamics of Civilian-Military Relations

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Introduction

Brazil's military has traditionally been viewed by itself, the country's political elites, and the influential middle class as the final arbiter in politics and protector of the social order. Since 1950, military intervention has caused civilian rule to break down in Brazil on several occasions. The military overthrew the elected president in 1955, staged an abortive coup attempt in 1961, and assumed power directly in 1964. After deposing Joao Goulart in 1964, the armed forces placed in power officers who, under the theme of "order and progress," aspired to transform Brazil rapidly into a world power. Despite these goals, the military left power in early 1985 as a weakened fighting force and with a tarnished reputation. It had hoped to remain on the political sidelines after the return to civilian administration and to concentrate on internal military matters. [Redacted]

In recent months, however, political commentators in Brazil and abroad have openly speculated about a coup against the Sarney government. Against this backdrop, this assessment examines Sarney's attempt to professionalize and depoliticize the military, while also reviewing a growing apprehension of the service chiefs over the economy's deterioration and Sarney's indecisiveness. The paper then analyzes the prospects for military intervention, and sketches several levels of the military's potential political involvement and the conditions under which they could occur. Finally, it assesses the implications for the United States. [Redacted]

Institutionalizing Civilian Rule—The Sarney Record

In April 1985, President Jose Sarney came into office confronting a military establishment apprehensive about returning to the role of a professional armed force after 21 years of political rule. At the same time,

Transition to Civilian Rule—Setting the Stage for President Sarney

Even before President Sarney took office, Brazilian political commentators noted that the military had, since the early 1980s, experienced a progressive loss of both morale and sense of professional mission but lacked the resources necessary to rebuild military vitality. The military's carefully controlled liberalization process had started unraveling, and some high-level commanders feared that press revelations about bombings and assassinations by military intelligence officers against regime opponents would provoke public retribution. US Embassy reporting indicated that some hardline conservative officers opposed the concept of political liberalization, especially because the civilian President-elect, Tancredo Neves, was drawn from the opposition Brazilian Democratic Movement Party (PMDB). [Redacted]

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To reassure the conservative military, [Redacted] the new government would not investigate past abuses of power, [Redacted]. Instead, guilty officers would be permitted to retire quietly or transfer to administrative posts. As a result, ex-President Geisel and General Leonidas, then commander of the 3rd Army and later Army Minister, reportedly rallied the generals to Neves's side. Nevertheless, Neves was never able to fulfill his pledge to the military. He unexpectedly fell ill and died in April 1985 before he could be sworn in, and Sarney took office as President. [Redacted]

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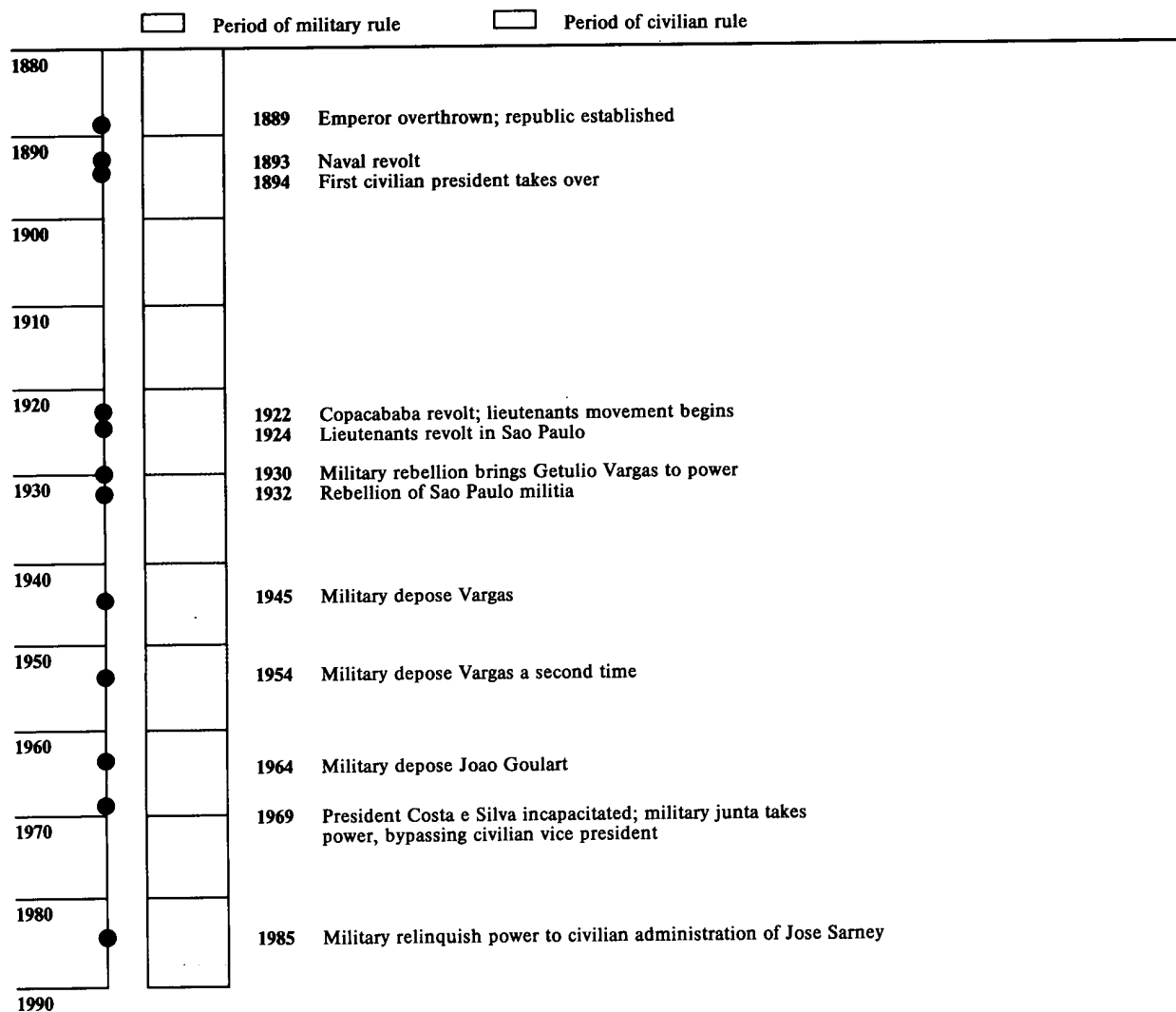
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Figure 2
Brazil: Military Intervention in Politics



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local press accounts showed that Sarney was distrusted by civilian leaders of the politically dominant Brazilian Democratic Movement Party (PMDB) and had no established national political base, thereby casting doubt on his ability to deal effectively with the military. In the face of these challenges, Sarney moved quickly to allay the military's fears and secure its backing. The US Embassy reported that the President headed off trials for human rights abuses by working behind the scenes with congressional leaders and the service ministers. We also believe he may have intervened in the investigation of the 1982 murder of a prominent journalist—reportedly plotted by high-level officers of the National Intelligence Service—effectively derailing the prosecution. Moreover, when the military [redacted] indicated its opposition to the congressional reinstatement of cashiered leftwing officers, US Embassy and [redacted] [redacted] intervened and helped fashion compromises satisfactory to the military. [redacted]

As he settled into office, Sarney also began implementing policies that drew the favor of the military because they promised to preempt popular unrest in a country with massive social and economic disparities. Political commentators indicate military commanders were pleased by Sarney's:

- Political reforms, such as the enfranchisement of illiterates and the beginning of a cautious and controlled land reform program.
- Scheduling direct municipal elections in 1985, gubernatorial and congressional elections in 1986, and convening a constituent assembly in 1987.
- Pursuing popular economic growth policies, particularly the Cruzado Plan that allowed wages to rise while freezing prices.
- Controlling Brazil's awakening labor movement by offering substantial minimum wage increases while cracking down on militant strike activity.¹

According to [redacted] [redacted] also took every opportunity to be seen with top military officers by frequently attending service functions, such as graduation ceremonies, and by paying visits to various commands and warships. [redacted]

[redacted]

Table 1
Brazil's Growing Armed Services Personnel

	1983	1993 ^a	Total Growth, 1984-93 (percent)
Total	279,733	422,500	51
Army	182,754	296,300	62
Air Force	49,679	70,100	41
Navy/Marine Corps	47,300	56,100	19

^a Authorized.

[redacted]

The Military's New Role

From a military perspective, Sarney's early track record extended beyond political atmospherics to include programs that directly affected military professionalism. In our judgment, Sarney recognized the need to provide the military with the resources necessary to meet their professional mission in order to diminish their involvement in politics. The centerpiece of his efforts to cement military support was an expanded defense budget. Using his discretionary budgetary authority, Sarney doubled the 1986 defense budget in real terms to \$4 billion. [redacted] and the local press reported that during 1985 and 1986 the armed forces used the increased funding to begin refurbishing their combat capabilities and to instill a sense of professionalism in the ranks and in the officer corps. [redacted]

Modernizing Forces

The most visible element of this effort focused on the equipment front. [redacted] and press reporting, the overall goal of modernization was aimed at bolstering the armed services' professional capabilities to defend national territory and borders. [redacted]

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Table 2
Brazil: Military Modernization and Procurement

	Purchased	Planned	Cost	Authorized by Sarney	Remarks
Air Force	Helicopters (50)		\$100 million ^a	Yes	Initial deal with France re-negotiated by Sarney government
	C-130s (3)		\$45 million	Yes	Purchased from United States
	AMX (2)			No	Prototypes already built
		AMX (80)	\$1 billion ^a	No	Sarney probably will authorize soon
		F-5 (30-45)		Yes ^b	
		F-7M (60)	\$200 million ^a	No ^c	
Navy	Helicopters (17)		\$80 million ^a	Yes	Initial deal with France re-negotiated by Sarney government
	Frigates (2)			No	Under construction when Sarney took office
		Frigates (2)	\$150 million	Yes	Will be built in privately owned naval yard
	Submarines (4)		\$250 million	Yes	
		Patrol boats (16)		Yes ^d	
Army	Armored vehicles (200)		\$75-100 million ^a	Yes	
		Tamoyo tanks		No ^e	Up to \$1 million each
		Osorio tanks		No	Up to \$1.5 million each
	FILA prototypes (7)			Yes	
		FILA deployment	\$1 billion	No ^f	
	Helicopters	\$500 million to \$1 billion	Yes ^g		
Joint Services		Calha Norte project		Yes	Project to increase military presence in Amazon

^a Estimated.

^b Sarney has probably authorized the immediate purchase of used F-5s. Negotiations may have begun with Chile, Saudi Arabia, and Thailand.

^c Brazil is currently negotiating the purchase of armed F-7Ms (Chinese versions of the MIG-21). We believe that the Air Force prefers additional F-5s, but may go ahead with the Chinese deal if F-5s in good condition cannot be readily located. A final authorization from Sarney has not been made, since the deal is still under negotiation.

^d Naval Minister Saboia publicly indicated that the Navy would purchase these boats, in part to protect offshore oil rigs. Sarney approved a funding mechanism whereby Petrobras, beginning last year, would pay the Navy 1 percent of its revenues obtained from offshore wells. These funds will be used to purchase the fast-attack boats.

^e The Army has funded the R&D program for the Tamoyo. [redacted] were noted in the initial prototypes. A final procurement decision is unlikely until the Army is satisfied with the tanks' performance, but we believe Sarney is likely to approve the funding if requested to do so. The Army may opt to purchase Engesa's Osorio instead, or a third option might be to purchase a mix of both tanks.

^f Funding for seven prototypes of the Fighting Intruders at Low Altitude (FILA) air defense system, without surface-to-air missiles, has been authorized by Sarney. The total system, with missiles, will cost over \$1 billion to develop and field.

^g Sarney has approved the creation of helicopter squadrons for the Army. How many helicopters, what type, and over what time period acquisition will occur has yet to be decided. We believe at least \$500 million will be necessary, and total costs could easily be closer to \$1 billion.

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**Minister of Aeronautics:
Gen. Octavio Julio Moreira Lima**



General Lima is a well-regarded Air Force officer with influential civilian ties; he is close to former Vice President and current Minister of Mines and Energy Aureliano Chaves, according to press sources. A strong supporter of democracy and a return to civilian rule, he has surrounded himself with loyalists not tied to the military government, according to the press. Moreira Lima has had assignments in logistics, air transport, and training. Before assuming his current position, he was commander of logistics on the Aeronautics General Staff (1983-85).

**Minister of the Navy:
Adm. Henrique Saboia**



Admiral Saboia, often called the Ambassador of the Navy, is a decisive, capable leader, [redacted] They say he is close to President Sarney, whom he firmly supports, but is concerned about Sarney's handling of the current political and economic situation. Saboia has apparently consolidated his support within the Navy and is on good terms with Army Minister Leonidas.

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After graduating from the naval academy in 1947, Saboia moved quickly through the ranks. Before assuming his current position, he had been Director of the Naval War College (1977-79), Commander in Chief of the Fleet (1983), and Director General of Naval Personnel (1984-85). He has held four-star rank since 1983.

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While specific priorities differ among services, [redacted] pointed to one overarching constant—better hardware and infrastructure. From a service perspective:

- The *Army's* plans called for additional bases and personnel, especially in the Amazon regions. Under the Land Force program, long-term equipment acquisition targets were set to upgrade the firepower and mobility of Army units, create air cavalry helicopter units, and introduce a new mobile air

defense system. More than \$2 billion will be required to field these systems. Some funds have already been committed, and equipment deliveries have begun.

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- The *Air Force's* top priority for the near term focuses on the purchase of between 30 and 60 new or used supersonic fighters to replace planes lost

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The Brazilian Officer: A Character Profile

[redacted] and press accounts, the typical Brazilian officer currently is:

- Middle class: *At least three-fourths of the officer corps hail from the middle class; in contrast, at the turn of the century, Brazil's officer corps was drawn primarily from the ranks of the elites.*
- Development-minded: *Brazil's service academies instill a commitment to grandeza, the rapid industrialization and modernization of the economy to foster the ultimate entry of Brazil into the ranks of the world's great nations.*
- Anti-Communist: *They are distrustful of Moscow's motives, generally dislike Soviet military equipment, and suspect that insurgencies in the Americas are fostered and controlled by Moscow and Havana.*
- Ambivalent toward the United States: *The shared experience of being World War II allies led a generation of Brazilian officers to have generally pro-US views. Nevertheless, the sanctions imposed*

by the United States in the 1970s because of the military government's human rights policies alienated many Brazilian officers.

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- Nationalistic: *Brazilian officers prefer US military hardware but are unwilling to accept stringent restrictions on its use, duplication, and resale. Brazil's military officers are also unwilling to explicitly link Brazil's foreign and strategic policies to Washington's. Rather, they wish to see Brazil play an increasingly independent role in defining and protecting its interests in the South American Continent and the South Atlantic region.*

The 21 years of military rule have produced a politically aware officer corps. Army officers, in particular, were brought up thinking that they would run the government. Most officers continue to believe that the military has a legitimate right to moderate the political process in times of upheaval. Nevertheless, most officers, in all three services, support the liberalization process and now hope to keep a low political profile. [redacted]

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through normal attrition. The Air Force is also committed to the purchase of 80 new subsonic fighter-bombers, with initial deliveries scheduled for 1989 at a cost in excess of \$1 billion. Moreover, the Air Force is intent on increasing its transport capabilities and has already authorized the funding, more than \$200 million, for additional cargo planes.

Taken together, these equipment purchases demonstrate the armed forces' commitment to fielding defense forces that will be second to none in South America. [redacted]

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Instilling Professionalism

The Embassy and [redacted] that, as the field commanders were upgrading fighting capabilities, the military ministers began working to restore a sense of professional pride among the officer corps after years of low morale caused by public disenchantment with military rule. For example, the service ministers stressed that officers will increasingly be evaluated on the basis of their military performance. Indeed, [redacted]

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- The Navy earmarked much of its \$1 billion 1986 budget for new ship construction. The Navy has begun the construction of a new class of frigate and plans to build a fleet of fast-attack boats designed to improve its coastal defense capability. To date, four frigates have been authorized, and the Navy may request up to six more. The Sarney government has approved funding for four West German diesel submarines, three of which will be built under license in Brazil.

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**Minister of the Army:
Gen. (Inactive) Leonidas Pires Goncalves**



Leonidas was named to his current post by President-elect Tancredo Neves, but has been a political insider since the 1964 military coup. Ambitious and talented, Leonidas has been a "comer" since he graduated first in his class from the Agulhas Negras Military Academy in the early 1940s. He later climbed steadily in the ranks through merit rather than political favor. By the late 1970s, Leonidas was serving in key positions in the military government. Although an artillery officer rather than an engineer, he served during 1979-80 as Chief of Army Public Works, an important position in the development of the national infrastructure. He later served a Vice Chief of the Army General Staff (1981-82) and then as commander of the prestigious 3rd Army, the traditional steppingstone to the Army Ministry position. Along the way, Leonidas became close to President Ernesto Geisel (1974-79). Through him, he gained access to

another military president, Joao Figueiredo (1979-85), and was even rumored in 1982 to be a possible successor to Figueiredo as president. [redacted]

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Leonidas became a national figure with the return to civilian rule. A political moderate and, [redacted] an advocate—like Figueiredo—of a gradual, prudent return to democracy, Leonidas came to the attention of opposition leader Tancredo Neves in 1984. Leonidas swung his support behind Neves, [redacted]

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[redacted] and was named Army Minister after the election. Leonidas is generally given considerable credit for the orderly transition following Neves's sudden death. In return for his support, Leonidas gained access to the presidential decision-making process, [redacted] and became one of Sarney's closest advisers. [redacted]

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As Army Minister, his goal has been to modernize and reprofessionalize the armed forces. His pet projects include the establishment of Army air cavalry units and the Calha Norte project, which is designed to increase the government's presence along Brazil's Amazonian borders to protect against threats from guerrilla groups or narcotics traffickers. Part of his professionalization program has been to clean out deadwood in the officer corps through his emphasis on promotion by merit. [redacted]

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Army Minister Leonidas is attempting to establish a meritocracy, and promotions are now based as much on talent in training combat units as on seniority. Consequently, Leonidas has been able to reach beyond older officers to advance more dynamic, younger leaders to the rank of general. Polls indicate that the populace supports the military's new emphasis on professionalism. [redacted]

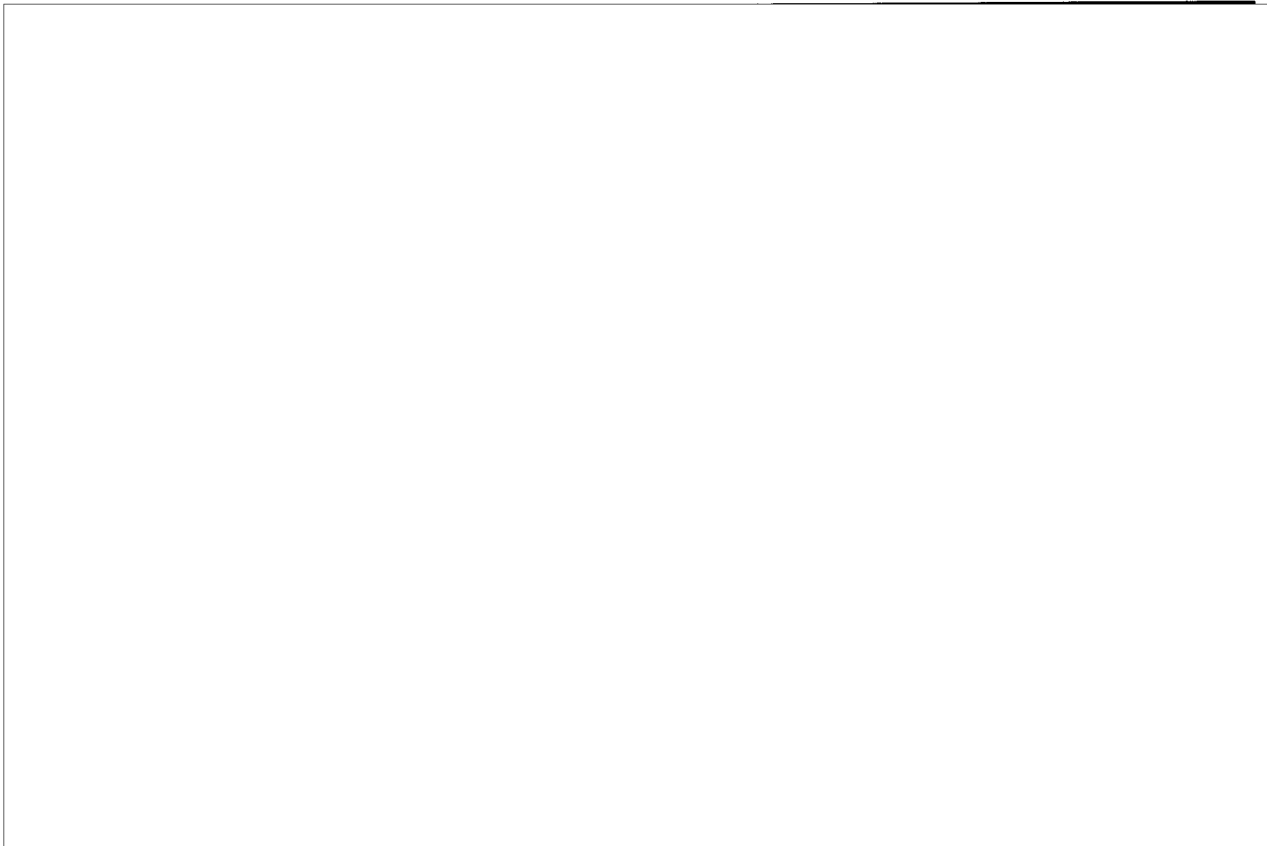
The drive to instill professionalism has led the military ministers slowly, but systematically, to turn over personnel in the senior commands. [redacted] and press reports have noted that the ministers have used the promotion system to weed out inveterate opponents of civilian rule. Instead, officers were promoted who shared the objectives of defense modernization and political moderation. [redacted]

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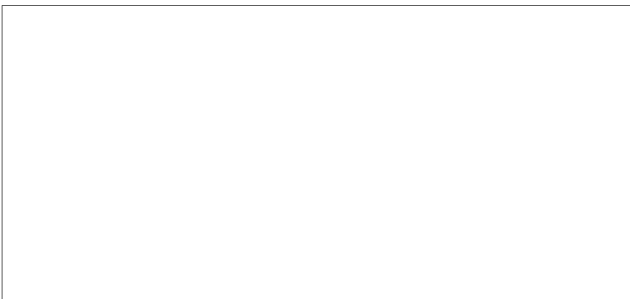
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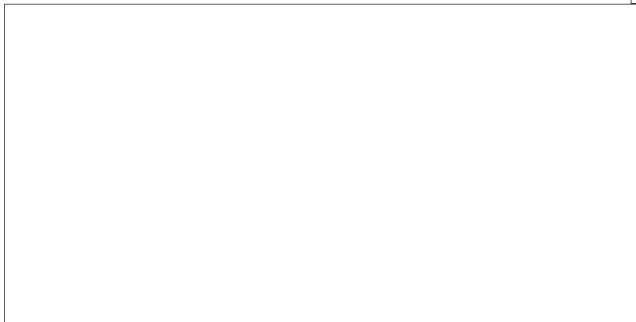
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[redacted] have noted that in the Army, the most political of the services, many senior officers have opted for early retirement rather than suffer the ignominy of being passed over for promotion and forced to resign. While this revamping of the officer corps has created some resentment toward Army Minister Leonidas, the majority of the officer corps support his objectives. [redacted]



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Advising the Executive

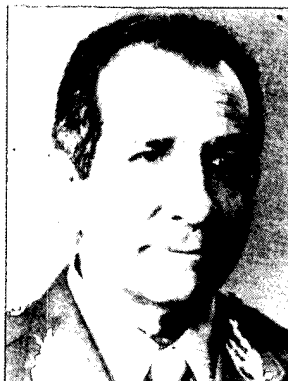
Although military field commanders have worked to bolster service capabilities, Brazil's military leadership has maintained a highly influential, albeit low-profile, role in the government. The US Embassy reports that Gen. Rubens Bayma Denys, Chief of the

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**Chief of the Military Household:
Gen. Rubens Bayma Denys**



President's Military Household and Secretary General of the National Security Council, and General Ivan almost certainly enjoy more direct access to Sarney than other cabinet ministers. General Ivan, according to the US Embassy, has emerged as one of Sarney's key advisers, especially on issues such as labor agitation, land reform, and foreign policy. With offices close to the presidential palace, Ivan briefs Sarney each morning and is available for ad hoc briefings or taskings at the President's request. [redacted]

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General Denys has been a key adviser to President Jose Sarney since he assumed office and serves as a liaison between the President and the military ministers. He has been deeply involved in coordinating agrarian reform issues, the Calha Norte development plan, and the national nuclear program. As Chief of the Military Household, he serves concurrently as Secretary General of the National Security Council (NSC). [redacted]

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After graduating from the Agulhas Negras Military Academy in 1949, Denys rose steadily through the ranks because of his generally acknowledged meritorious service. He has held a variety of assignments, including that of [redacted] during 1979-82. He was commandant of the military academy from February 1984 until assuming his current position, for which he was selected by President-elect Tancredo Neves. A protege of military President Ernesto Geisel, Denys was supported for his present post by Army Minister Leonidas Pires Goncalves, a military academy classmate. [redacted]

[redacted] also shows that the military influences the policy recommendations available to the President through its control of the National Security Council (NSC) staff.² Most of the Council is staffed by military officers who report to General Denys. The Brazilian NSC has debated a wide range of policy issues for Sarney, such as land reform, regulation of the domestic computer market,

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² The NSC is composed of Sarney's civilian and military cabinet ministers. [redacted]

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space projects, the reestablishment of diplomatic relations with Cuba, arms transfers, and nuclear programs. As best we can judge, the NSC staff acts as both a catalyst for new policies and a funnel for recommendations to the President, including those coming from the cabinet ministries. The press reports that Sarney also consulted the full Council before he announced in February a unilateral suspension of interest payments on the foreign debt. [redacted]

decide when civil disorder requires a military response—numerous legislators are pressing to restrict this role. Preservation of this function by the armed forces has been attacked by the left, including some members of the majority PMDB, but opinion polls indicate that Assembly delegates are divided over the issue. Should civil order break down, however, we doubt that new constitutional restrictions would stop the military from intervening. [redacted]

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Lobbying the Congress

In contrast to the past, when military presidents kept the Congress subservient, present leaders of the armed forces quickly recognized the importance of maintaining good relations with the national legislature. The [redacted] that they increased the size of their liaison staffs to lobby the Congress on their institutional interests. They are also now expanding the scope of their activities within the new Constituent Assembly³ to fend off leftist challenges to their traditional role during the drafting of the new constitution. [redacted]

Growing Civil-Military Tensions Amid Economic Crisis

Until recently, Sarney's emphasis on equipment modernization, renewed professionalism, and political access seemed to be on track. The military's alliance with the Sarney administration was unequivocal, manifest in strong public statements defending the President as well as in the deployment of troops as a show of force to back administration policy and to deter or break disruptive strikes. During the past several months, however, [redacted]

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The US Embassy and the press report that, since 1985, the military ministers have lobbied hard—and so far successfully—to prevent the passage of legislation detrimental to key institutional interests. Certain proposals are anathema to the armed forces:

[redacted] the military cabinet ministers are increasingly worried about Sarney's indecisiveness and inability to arrest the economy's rapid deterioration that is fomenting social unrest. [redacted]

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- The establishment of a civilian minister of defense to oversee the service chiefs.
- Legal moves to curtail the domestic powers of the SNI.
- Congressional investigations of alleged human rights abuses during the period of military rule.

[redacted]

Drawn Into a Crisis

The President's reputation with the military, in our opinion, began to tarnish with the collapse of the anti-inflationary Cruzado Plan last November.⁴ Only six days after gubernatorial and congressional elections showed the voters' resounding support for Sarney and his Cruzado Plan, the government abruptly announced large price hikes on some luxury goods and public services, setting off a fire storm of protest. The [redacted]

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Currently at issue is whether the new constitution should codify the armed forces' traditional role of preserving internal security. [redacted]

[redacted] through personal lobbying and statements to the media, the high command is insisting that the new constitution enshrine the armed forces' mission as guarantor of the political and social order. Political commentators say, however, that because the civilians fear abuse of such authority—which in effect allows the military unilaterally to

[redacted]

³ The Constituent Assembly is composed of both houses of Congress. [redacted]

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US Embassy reported that the middle class was outraged over what it viewed as a political betrayal. The force of public opinion was underscored in the week following the announcement, when the Sarney administration had to grapple with the most violent antigovernment demonstration in Brasilia's history. The union movement, in an unprecedented display of unity, staged a general strike in December, further embarrassing the government. The military, for the first time since the return to civilian rule, was called on to prevent the strikers from engaging in violence.

[Redacted]

Economic disarray early this year increased the apprehensions of the military, but Sarney still held the loyalty of the armed forces. The US Consulate in Sao Paulo reported that confidence in the government had slipped badly among businessmen and bankers as economic chaos took hold—manifest in the return to double-digit monthly inflation and interest rates. When a prominent industrialist publicly espoused civil disobedience in protest against Sarney's price policies, the military issued a stern statement in support of the government, further heightening its public profile. Moreover, when Sarney proposed a moratorium on foreign debt payments, the NSC ratified the suspension—a move at odds with past economic policies supported by the military.

In early 1987, the high command was again called on by Sarney to deploy troops as a show of force to contain civilian protests. With inflation resurging and workers suffering serious wage losses, a wave of headline-catching strikes occurred. Military forces were used to keep order during paralyzing strikes among port and oil industry workers in March. Throughout this period, the military—also suffering a severe drop in living standards—was increasingly uncomfortable with this high-profile support role, according to US Embassy and [Redacted]

Worry Over a Government Adrift

Despite the public display of support, military leaders have been growing increasingly concerned about Sarney's indecisive leadership.

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In our opinion, the armed forces became further disillusioned as civilian leaders began criticizing Sarney's piecemeal domestic economic policies. Powerful, conservative PMDB governors, in a televised press conference, criticized Sarney's lack of leadership to stabilize the economy, a sentiment later echoed by business elites and the press.

[Redacted]

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By March, discontent precipitated by economic deterioration was building in the lower ranks as well,

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We believe the high command's patience with the vacillating Sarney is now growing short. Press reports speculated on an almost daily basis in April on the possibility of another military intervention in politics. Rumors were further sparked by the public remarks of ex-President Figueiredo and Gen. Octavio Me-deiros, former chief of the SNI, disparaging Sarney's

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leadership. [redacted]



the behind-the-scenes maneuvering of key political leaders and public opinion about the need to take more decisive measures in the national interest. [redacted]

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Exercising Power From the Sidelines

In the most likely scenario—to which we assign a better-than-even chance—the military will remain on the sidelines despite Brazil’s turbulent political and economic situation. In our view, Sarney will be unable to take the tough economic measures needed to stabilize the economy and to reconcile with foreign creditors, because of his own skittishness about making unpopular decisions and because of pressure from the development-minded PMDB. As inflation and unemployment rise, Sarney will draw more heavy criticism from business and the media. As Sarney’s sources of support in the electorate and Congress dry up and PMDB leaders distance themselves more from his policies, the President will probably defer to PMDB policy prescriptions and advice. For example, the party’s selection in April of a PMDB replacement for Finance Minister Funaro—over Sarney’s objections—greatly diminished the President’s independence and authority. In this scenario, Sarney would become a lameduck under the thumb of an increasingly powerful PMDB. [redacted]

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Prospects for Military Intervention

Against this backdrop, we believe the Brazilian military is now facing two conflicting sets of interests in deciding the exact role it will assume in the final stages of the political transition. On the one hand, the armed forces probably recognize that they can safeguard their considerable gains—an expanded budget, avoidance of detrimental legislation, and influence in decisionmaking—by continuing to support Sarney. On the other hand, the current economic chaos and political disarray are eroding Sarney’s popular standing and, by association, tarnishing the reputation of the military. In view of these conflicting forces, we believe the military high command will soon have to decide how to play the politics of redemocratization.⁶



With the Assembly drafting a new constitution, the military will probably defer to the legislature on political strategy. Military leaders will probably calculate that, under popular pressure, the PMDB-controlled Constituent Assembly will curtail Sarney’s executive powers and schedule a direct presidential election in 1988 or 1989. By standing on the sidelines, the high command would win political chits for respecting popular sentiment to continue the democratic experiment. In return, military leaders would expect a commitment from the Constituent Assembly to guarantee their traditional role as political arbiters and continued funding of force modernization. The military cabinet ministers, in concert with PMDB leaders, will very likely continue to offer Sarney strong public support to help stabilize the situation. [redacted]

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At this juncture, historical precedent suggests that several different outcomes are possible. At one extreme, the military chiefs can use their influence from the sidelines, while at the other end, they can directly intervene to shape a government to their liking. We believe the type of intervention into civilian politics will be contingent on the severity of Brazil’s economic problems, the degree of political and social turbulence, and the performance of Sarney himself. Military leaders will almost certainly take into account

⁵ Under the current 1967 constitution, Sarney’s term will expire in 1991, after a full six years. Sentiment in the Constituent Assembly favors reducing his term to four or five years. [redacted]

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⁶ See appendix A for a detailed analysis of Brazil’s current vulnerability to a coup. [redacted]

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Despite such public support, the service chiefs will most likely privately push the weakened Sarney into action—demanding, for example, that he take tough measures against leftist agitators and militant strikers. They are also likely to press for military salary and budget increases to keep up with inflation and for sustained spending levels for the classified nuclear program. Apart from pressuring the President on these particular issues, military leaders will probably be content to let civilian ministers formulate policies for the day-to-day operations of the government.

Constitutional Solution

We believe there is about a one-in-three chance that another rapid economic slide and the resultant political unrest will prompt military leaders to act in concert with key civilian politicians to legally remove Sarney from office before the end of the year. In this scenario, the Assembly with military backing would quickly move to schedule direct elections, probably in 1988, by working them directly into the new constitution. The economic crisis that would be a backdrop to this scenario would probably arise from Sarney's attempts to implement populist economic policies that would push monthly inflation rates between 25 to 35 percent, cause growth rates to nosedive, and raise unemployment rapidly. Under these conditions, constitutional moves would be supported by intense popular criticism reviving calls for an immediate presidential election. In addition, labor unrest would almost certainly increase dramatically and nationwide strikes could seriously disrupt civil order. With civilian politics increasingly stormy, the prospects would rise for isolated military protests or unit mutinies.

The military would not likely stand by idly while the perception grew that Brazilian society was moving toward self-destruction. The service chiefs probably would consult with each other and with PMDB leaders on the question of curtailing Sarney's term. The high command would almost certainly be the major power broker, but its view would be fortified by a ground swell of pressure from the public.

Institutional Coup

Under a more pessimistic variant of the above scenario—which we believe has little chance of occurring—the military would force congressional action against Sarney, but would not seize the reins of power unilaterally. This could occur if, in the process of trying to move up an election to oust Sarney, a legislative deadlock developed. To end such a paralysis, the military high command could feel compelled to force civilian action. For such an “institutional coup” to work, the military would require the support of key political elites—top PMDB leaders in Congress and the major statehouses, and the industrial class. A united front of political and

leave office. We think the PMDB would support Sarney's removal this year only if it were assured by the high command that the interim president would continue the democratic transition, support a presidential election soon thereafter, and fully abide by the terms of the new constitution when completed. We further believe that, despite noisy protests from the left, the democratic experiment would not be derailed by a short-lived military intervention because the interim president—whether civilian or military—would be a consensus choice. The backing of the PMDB leadership would most likely result in a de facto acceptance of Sarney's removal by the Constituent Assembly, albeit after the fact.

Taking Power by Force

Under the most extreme scenario—and the one which is currently least likely—the military would simply seize control to prevent a total breakdown of law and order. Under this scenario, we believe the service chiefs might govern for an interim period as a junta, and, given their unpreparedness for the task, would rely heavily on civilian technocrats to carry out government operations. Alternatively, they could install an interim president, either a civilian or military leader. We expect that the current military leaders would remain in power only as long as necessary to

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restore economic stability and political order—the historical norm for Brazilian military interventions—probably no longer than one to two years. []

Despite reports of deep concern on the part of Sarney's closest military advisers, we judge it unlikely, for a number of reasons, that a military coup d'etat is in the offing:

- Few active duty senior officers want to return to military rule, and generally support the concept of democratic government.
- A harsh popular backlash, possibly widespread violence, would most likely follow a military takeover.
- Key interest groups—business, labor, the middle class, political elites—do not favor authoritarian government, rendering any new military regime illegitimate.
- A coup would drive the newly legalized Communist parties underground, possibly spawning another insurgency like the one that occurred in the late 1960s and early 1970s.

In addition in the event the military regained power, we have no indication that it has any coherent policies to deal with issues such as the foreign debt, stagflation, unemployment, education, the urban homeless, or land reform. []

Implications for the United States

In the first three scenarios—none of which would result in a military regime—the Brazilian military would probably prefer Washington to remain a neutral bystander, although foreign reaction is not likely to figure in its calculations regarding an intervention into politics. Bilateral economic relations would probably continue to be marked by financial and trade frictions, but Brazil would also set a positive example for the region's other military establishments' attitudes toward democratic government:

- In our most likely scenario, *exercising power from the sidelines*, we believe the civilian ministers would still emphasize rapid growth policies aimed at improving social welfare. With intense popular pressure to resist the demands of foreign creditors for

austerity measures, Brasilia probably will continue to pursue nationalistic economic and trade policies—no debt repayment, tight import restrictions, market reserve policies—detrimental to Washington's interests. However, the military's willingness to remain on the sidelines would strengthen the legitimacy of civilian rule in Latin America and would enhance prospects for better bilateral military cooperation.

- Under either a *constitutional solution* or an *institutional coup*, the military-backed government would face intense popular demands for immediate relief from stagflation, particularly from leftist presidential aspirants. While such a government would maintain a democratic course, Brasilia would probably use the threat of a leftist victory in the early presidential election to seek from the United States further economic concessions, mainly easier debt repayment terms and new money to support the growth needed to bolster the government. However, Brasilia could react negatively to US suggestions that a post-Sarney government undertake immediate actions to resolve bilateral trade irritants, viewing such suggestions as unreasonable in view of Brazil's delicate political situation. Efforts to engage the military in closer bilateral cooperation would be relatively unaffected. []

The implications for the United States would change markedly if the *military takes power by force*. Although we believe that the military would rule for only one to two years, this development would set an adverse example for the region's other military establishments, particularly in those countries already experiencing serious civil-military tensions. Such a setback for Washington's policy of support for democracy probably would also complicate prospects for greater bilateral military cooperation. Nevertheless, we believe a military regime might undertake the unpopular measures required to put Brazil back on an orthodox economic footing, particularly regarding renegotiation of the foreign debt. []

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United States-Brazilian Military Relations

[redacted] contact and cooperation has declined between US and Brazilian officers over the last decade. As a result, most Brazilian officers do not have strong bonds with their US counterparts and, in our opinion, will probably not place much weight on the US military's reaction to a future military intervention in politics. [redacted]

will ultimately refuse to agree to sales or technology transfer agreements on a wide range of equipment that would give Washington the right to block Brazilian arms sales to third parties or limit the production of "Brazilian" versions derived from US systems. [redacted]

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Since the return to civilian rule, however, opportunities are arising to improve bilateral military relations. Army Minister Leonidas and Navy Minister Saboia are both sincerely interested in increasing military contacts and joint exercises, according to US defense attache reporting. [redacted]

In addition to this roadblock, we believe that the Brazilian military may be growing skeptical regarding the willingness of the United States to provide equipment. During the last two years, the Brazilian Navy and Air Force have expressed interest in purchasing used US destroyers and US-built F-5s. In neither case is the material restricted by the absence of a GSOMIA, but the equipment has not been provided. Despite Washington's assurances to the contrary, some sectors in the Brazilian services continue to think that the United States is unwilling to become a supplier, according to [redacted]

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[redacted] the Brazilian military is interested in acquiring a wide variety of US military equipment, including electronic warfare, advanced sensors, and guidance systems. Brazil refuses, however, to sign a Government Security of Military Information Agreement (GSOMIA), the absence of which legally limits the types of equipment that the United States can provide. According to US Embassy and [redacted]

[redacted] Two recent announcements are likely to reinforce this view:

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[redacted] the individual Brazilian military services have expressed a willingness to implement specific protective agreements with their US service counterparts that would not require a GSOMIA as a precondition. Despite this interest, we believe Brasilia

- The Missile Technology Control Regime, which will substantially reduce US assistance for Brazil's space launch program.
- Washington's decision to provide Honduras with F-5s after informing Brasilia that none were available in the US inventory. [redacted]

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If direct military intervention is avoided over the long term, there are several areas where bilateral military-to-military relations could improve. [redacted]

Such cooperation could, in time, help pave the way for long-run progress on areas of key concern to the United States—arms export control, preservation of democratic regimes in Brazil and neighboring countries, denial of strategic technology to the Soviet Bloc, and efforts at narcotics control in the Amazon frontier. [redacted]

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[redacted] and open source reporting leads us to believe that the Brazilian military would welcome US efforts to increase:

- Officers' exchanges for training at staff and war colleges.
- The number of joint military maneuvers.
- Transfer of certain technologies under appropriate security safeguards.
- The coproduction of some types of defense equipment with possible sales to the US armed forces.

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Appendix A

Impact of Sarney's Early Departure From Office ^a

Possible Scenarios	Constitutional Assembly's Debate on Form of Government	Brazilian Democratic Movement Party (PMDB) Calculations in Constituent Assembly	Leonel Brizola's Presidential Ambitions	Military's Reaction
1) Sarney removed from office via constitutional or institutional coup by spring, ^b 1987.	The Assembly will call for summer 1987 through fall 1988 presidential election. Interim president—Guimaraes, Covas, or Leonidas.	PMDB leadership likely to push for retention of strong president. Not likely to let Guimaraes be standard bearer. Would favor Covas or Richa. Short period of preelection campaigning would favor PMDB's organizational coherence.	Caught in a dilemma. Has long called for Sarney's term to be drastically truncated and wants early national election. But rapidity of unfolding events could cause him to be caught with too little time to effectively organize a national campaign. Lack of time, money, and media access could incline him to run a "sensationalist-populist" campaign calling for radical solutions to Brazil's social and economic problems.	Would have to accede to Sarney's removal. Would undoubtedly extract promises from PMDB regarding military's internal security role, human rights trials, and continuation of modernization programs. Might push Army Minister Leonidas as interim president. If Brizola runs a radical populist campaign, military will react negatively, could undermine his campaign, could back PMDB, and—in worse case—intervene to preclude Brizola from taking office, should he win.
2) Constituent Assembly truncates Sarney's term. New election set for summer 1987 through fall 1988. New president takes office roughly three months after the election. Sarney out by fall or winter 1988.	Debate likely to center on each party's perception and calculations of its power and the impact government form will have on the power of its rivals. Substantive debate will center on strong president versus mixed presidential/parliamentary format. Expression of presidential and prime-ministerial powers and authority will be subject to much political maneuvering and ad hoc alliances.	PMDB likely to support mixed presidential/prime-ministerial government. Having largely a domestic agenda, the party will concede to a large degree of presidential freedom on defense and foreign (except trade) policy. It will reserve for the prime minister's office—which it will hold—most domestic and finance powers.	Brizola's Democratic Workers Party will advocate strong presidency. Brizola will have time to organize a national campaign, but could never become prime minister due to his party's low numbers in congress. If his campaign gathers momentum, he could moderate his rhetoric and seek deals to mollify the military.	Would support mixed form of government if institutional prerogatives were protected. Though distrustful of Brizola, it could be inclined to work deals with him if he commits to security and defense policies it supports.
3) Election set for spring 1988; Sarney out in early 1989.	Generally the same as 2), but debate likely to be even more fractious as imminent election deadline no longer hanging over Assembly. New constitution's ratification likely to be delayed to early-to-mid-1988.	PMDB leadership likely to act as de facto collective prime minister during the remainder of Sarney's term. Sarney will seek consensus for important policy decisions.	Could enhance Brizola's chances, particularly if Congress/Constituent Assembly unable to act due to political deadlocks, and economy continues to deteriorate, but not so much that social order seems to be on verge of collapse.	Dissent from ranks and midlevel officers over deterioration of their salaries likely to increase. Top military leaders could be persuaded to support another coup if social order begins to break down in face of political paralysis and economic stagflation.
4) Election set for spring 1989; Sarney out in early 1990. To survive this long, Sarney probably would have to accept some de facto reduction of his power. But ability to hold on to office this long could indicate that he continues to have the backing of the military.	Same as 2.	PMDB likely to advocate parliamentary system with virtually all major powers vested in the prime minister. Best chance for PMDB to "rule" country during 1988-89.	Sarney's political survival suggests that the deterioration of the economy was not severe or sustained. This would seriously hurt Brizola's chances to gain the presidency.	Military will continue public and behind-the-scenes support for Sarney. Could be rewarded with increased budgets. But would only back Sarney if it calculated that threats to public order were not severe.

^a The length of Sarney's term will be decided by the Constituent Assembly, which is currently writing Brazil's new constitution. Few observers now believe that the beleaguered President will be allowed to serve until 1991. This appendix attempts to identify some of the political calculations and underlying assumptions that will guide Brazil's key political and institutional actors as they maneuver to ease Sarney from office, write a new constitution, and maximize their political influence.

^b References to seasons correspond to those in the Southern Hemisphere.



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