

S-E-C-R-E-T

CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

22 April 1964

MEMORANDUM FOR THE DIRECTOR

SUBJECT: The Prospects for Brazil Under
Castello Branco

NOTE

An SNIE on the subject is scheduled for USIB consideration on 20 May. The present memorandum presents, in general terms, our preliminary assessment. The new regime has not been in office long enough to have developed a specific program or to have proved its own internal cohesion and stability.

* * * * *

S-E-C-R-E-T

GROUP 1
Excluded from automatic
downgrading and
declassification

1. We are cautiously optimistic about prospects for Brazil under the Castello Branco regime; our outlook, admittedly, is partly conditioned by our pessimistic estimate of the prospects for Brazil had Goulart continued in office. The April revolution ousted a regime with dangerous tendencies from the point of view of US interests and one seemingly incapable of useful action to cope with Brazil's increasingly critical problems. It has brought to power a regime decidedly more friendly to the US and dedicated to the reduction of Communist and leftist extremist influence generally. Moreover, the new government gives promise of taking some constructive steps toward the alleviation of Brazil's economic and social strains.

2. The end of Brazil's prolonged crisis is by no means in sight, however. The country's underlying economic and social disorders are not amenable to quick, painless remedies. Moreover, the new government must resolve some basic political problems to ensure its stability and to command the support necessary for appreciable progress on the social and economic fronts. These problems include the judicious management of its anti-Communist purge, the containment of potential insurgency, and, most important in our view, the control of potential conflicts among the original supporters of the revolution.

- 2 -

S-E-C-R-E-T

3. The revolution which ousted Goulart was met with impressive demonstrations of enthusiasm on the part of much of the Brazilian population and with indifference or resignation on the part of most groups thought to be friendly to Goulart and his extreme leftist supporters. So far, the anti-Communist drive ("Operation Cleanup") launched by the military leaders of the revolution before President Castello Branco took office has not noticeably alienated the supporters or emboldened the potential opponents of the revolution. The drive has largely avoided physical violence: military and police searches for "Communists" and evidence of "Communist plots" have frequently taken on a rough and arbitrary character, but there have been no executions and only isolated incidents of brutal treatment of prisoners.

4. In addition to Communists and other extremists, however, a large number of Goulart supporters and collaborators of more moderate political stripe have suffered arrest or loss of their government jobs or military positions. More than 200 military officers and politicians, some obviously non-extremist, have been summarily stripped of their political (but not civil) rights for 10 years. These include over 40 congressmen, former President Quadros (no friend of Goulart, but an enemy of some of the leading revolutionaries), and Celso Furtado, popular former head of the development agency for Northeast Brazil. This tendency toward

excess, if unchecked or accelerated, could undermine the popularity and eventually threaten the stability of the new regime. There are strong indications, however, that President Castello Branco intends to exercise a moderating influence on the zealots within the military, and we believe that he will be successful for the most part in keeping the drive within reasonable bounds.

5. We believe that the extreme leftist elements which supported Goulart's aborted drive for increased power will not be able, over the next year or two, to muster enough strength for a successful counter-coup. These elements now are in considerable disarray, with many key leaders in jail or in hiding. Some extremist groups (more likely the Brizola forces or other Castroist groups rather than the Moscow-line Communist Party) may attempt to discredit the new regime through demonstrative acts of violence, but they probably do not now command enough trained and willing activists to launch insurgency on an impressive scale. The government security forces probably would be able to quash or at least contain such operations as these disaffected elements do undertake. There also may be extremist-inspired or spontaneous protest demonstrations by leftist-leaning student and worker groups, but the government security forces probably will be able to control these as well. Only in the unlikely event that

the anti-Communist drive turns into a "reign of terror" do we see much danger of insurgency or protest demonstrations on a level that would threaten the stability of the regime.

6. In the short run, the principal danger to the Castello Branco regime would be a major falling out among the original supporters of the revolution. In moving against Goulart and his immediate band of extremist supporters, the military have also tended to repudiate the political modus operandi of postwar Brazil -- the Vargas and Kubitschek as well as Goulart style of administration. The new regime is almost certain to develop a distinctive style of governing, reflecting its strong military influence and limited political experience. President Castello Branco, who will enjoy extraordinary executive authority throughout his 21 month term, is a senior career Army officer with no previous political experience and probably with only a limited tolerance for the demagoguery and deviousness, the cronyism and outright corruption which have become SOP in Brazilian politics. War Minister Costa e Silva, who at least initially will exercise a prominent influence on all phases of government operations, also lacks political experience and probably has an even smaller tolerance for Brazilian politics and politicians than does the President. Moreover, the new government has appointed civilian cabinet officers more noted for technical competence than for political finesse.

~~SECRET~~

7. We foresee, therefore, conflict between a military desire to get on with the job and the desire of politicians -- congressmen, governors, and especially ex-President Kubitschek, the leading candidate for the presidential election of October 1965 -- to get on with "politics as usual." This conflict could lead to serious divisions among the anti-Goulart military leaders, with some supporting the tack adopted by Castello Branco and others pressing for a tougher or softer line towards the politicians. The personal animosities and ambitions of key military leaders may also come into play. General Krueel, commanding officer of the powerful Second Army stationed in Sao Paulo, has political ambitions and is a personal enemy of Castello Branco. War Minister Costa e Silva, the dominant figure during the interval between the fall of Goulart and the inauguration of Castello Branco, will probably be reluctant to relinquish all of the political authority he recently exercised.

8. A major falling out among the victors would tend to improve the opportunities for extremists of both the left and the right -- a slippage into an out-and-out military dictatorship could result. What seems to us a more likely result, however, would be chronic bickering between the Castello Branco government on the one hand, and politicians and some military groups on the other, which would tend to distract the government from efforts to deal with Brazil's urgent economic and social problems. The new government

S-E-C-R-E-T

must in short order devise as palatable as possible a combination of austerity measures and social reforms; in this, what one man calls a "social injustice" another man will call a "sacred right." Appreciable progress will require a broad consensus behind the program the government does adopt.

9. The burden of accommodating potential conflicts among military leaders and between the military establishment and the politicians will fall largely on President Castello Branco. Initially he commands the strong support of most military officers and the respect of a large number of political leaders. Moreover, he apparently is a man of considerable intelligence, integrity, courage, and leadership potential. In good measure because of our respect for his abilities, we estimate that the interim regime probably will manage to survive and to hold free elections next October and that it has at least an even chance of laying a helpful foundation for the elected government which is scheduled to succeed it in January 1966.

10. The Castello Branco regime probably will break diplomatic relations with Cuba and adopt a cool and correct posture toward the USSR and other bloc countries with which it now has relations. It almost certainly will seek substantial new economic assistance from the US and other Western countries (in addition to the efforts already

underway to refinance old debts), and is likely to adopt a moderate and reasonable policy toward foreign investors. The regime, nonetheless, will probably go out of its way to avoid the appearance of subservience to the US, even on issues where US and Brazilian interests now appear to be nearly identical: e.g., sanctions against Cuba. Its failure to maintain at least the appearances of an "independent" foreign policy would probably cause a loss in domestic popularity and also in prestige elsewhere in Latin America, especially in Mexico and Chile where the pursuit of an "independent" line in foreign relations is a key governmental policy.

FOR THE BOARD OF NATIONAL ESTIMATES:



ABBOT SMITH
Acting Chairman

25X1