Hemispheric Giants
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The Misunderstood History of U.S.-Brazilian Relations

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Preface and Acknowledgments

This book originated with a simple question—Why does the U.S. government continue to neglect Brazil? My own faulty assumption was born from years of working on Latin American issues, both in government and the private sector. To address this question, *Hemispheric Giants* focuses on U.S. foreign policy toward Brazil and is told from a U.S. perspective. By design, I interviewed predominantly American individuals and relied overwhelmingly on U.S. sources—both primary personal and archival, and secondary. Accordingly, this is not a study on Brazilian foreign policy and should not be treated as such. Rather, it is an account of the U.S.-Brazil relationship, with the U.S. government serving as the principal unit of analysis.

The narrative that follows is a fresh perspective on the causes of U.S. engagement with Brazil, gained through tracing the evolution of the U.S. relationship with Brazil from the late 1800s to the present day. It is not a detailed descriptive history of the bilateral relationship, nor does it represent an assessment of the relative success or failure of various U.S. policies toward or interventions in Brazil. It also does not address the rich cultural and private-sector connections between the two countries. It is, instead, a study on the roots of policy attention by the U.S. government, leaving the merits and/or the consequences of this attention to other scholars.

The completion of this book would not have been possible without the support, advice, and criticism of a number of individuals. First, the continuous ideas and perceptive comments by Dr. Riordan Roett and Dr. Francisco Gonzalez at the Johns Hopkins School of Advanced International Studies (SAIS) were invaluable. Their academic mentorship as well as patience and excitement for this project went far beyond the call of duty; and their pragmatic advice to “just get it done” encouraged me to complete the project.

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Introduction: The Importance of Dual Priorities

OPENING

On March 30, 2007, presidents Luiz Inácio Lula da Silva and George Bush met and dined at the U.S. presidential retreat at Camp David, located in the Maryland mountains just outside of Washington D.C. Receiving an invitation to Camp David was a privilege that had not been granted to a Latin American president on a state visit since 1991, when President Carlos Salinas of Mexico met with George H. W. Bush. The venue of Camp David, reserved for strategically critical meetings and sensitive negotiations, certainly reflected the importance of the principal issue at hand: reduction of U.S. foreign oil dependence through the use of biofuels. To build upon the recent agreement between the two countries to cooperate on the production and development of ethanol, President Bush vowed to deepen Washington’s dialogue with Brazil. This commitment to closer ties with Brazil revealed the South American giant’s economic and geopolitical importance. In addition to being the global leader in the production of sugar-based ethanol, Brazil was a leading global exporter of beef, orange juice, tobacco, chicken, and coffee; its 2007 discovery of a massive deepwater oil field off its southern coast increased its energy independence and export potential; and its economy was the eighth largest in the world.

Brazil’s weight and importance relative to the West has only grown since the turn of the twenty-first century and is poised to continue to do so, given energy changes at the global level and a renewed global urgency to find energy alternatives to oil. Moreover, both Brazil and the United States are electoral democracies and are committed to nonproliferation, market-led economies, and the social welfare of their citizens. All told,
the casual observer might easily conclude that Brazil is one of the United States' closest and most important strategic and economic partners, and that the 2007 Camp David meeting between presidents Bush and Lula was one between equals.

Yet the 2007 Camp David meeting belied a very different reality. Brazil, in spite of its economic heft and growing political importance in the global arena, has not been prioritized in U.S. foreign policy decisions since the 1970s. Before this time, Brazil was oftentimes treated as a strategic partner and ally. Incongruent with Brazil's economic and strategic importance, the twenty-first century has seen scant operational discussions in Washington on cooperation with Brazil. Indeed, the Camp David meeting was in fact an anomaly to this pattern of deep ambivalence. This is where a paradox in the U.S.-Brazil relationship emerges: Brazil is unquestionably a significant country by both global economic and political standards, yet it has apparently been neglected by the United States since the mid-1970s. Many policy makers and the public alike are seemingly unaware of U.S. policy toward Brazil. One high-level State Department official even referred to Brazil as the "black hole" of U.S. foreign diplomacy given its size and significance in relation to the low degree of engagement and attention that emanate from the U.S. government.1 While the official statements between the two countries have been uniquely friendly, recalling a long history of bilateral bonds, this verbal commitment has not been backed by congruent examples of concrete policy cooperation or engagement at high levels.

Yet, surprisingly, the United States does not—and never has—neglected Brazil. Instead, the two countries engage when they both prioritize the same issue. The bilateral relationship is interactive and two-way, relying on interest from both sides for engagement to occur. Because Brazil and the United States have historically occupied such different relative power positions and have had quite distinct foreign policy values, common concerns—and hence opportunities for bilateral engagement—have been infrequent.

THE NEGLECT ASSUMPTION

The traditional response to the question of why the U.S. government has not engaged Brazil can be described as the "neglect assumption." Widely used in describing U.S. policy toward Brazil, the neglect assumption makes one of two suppositions. One, that the United States enjoyed an extremely close friendship with Brazil from the turn of the twentieth century until the mid-1970s, such that it was called the "special relationship"—similar to that enjoyed with the United Kingdom and Israel. But Washington abandoned Brazil after the tensions of the Carter years in the late 1970s and has subsequently neglected its southern neighbor. Or, two, that U.S. policy
toward Brazil has always been one of neglect, spotted only with sporadic episodes of attention driven by greater strategic needs during wartime. A U.S. foreign policy focus on national threats means that senior Washington policy makers pay attention to Brazil only insofar as it can help in war efforts, such as World War II, the Cold War, or the Korean War.

The end of the Cold War and the emergence of what Charles Krauthammer referred to as the “unipolar moment” of unrivaled U.S. power has also contributed to this sense of neglect, argues the neglect assumption.² A new unipolar world order in the post–Cold War era resulted in complacency on behalf of Washington toward Latin America. Posing no security threat to the United States, Latin America—particularly pacific and largely supportive Brazil—has been taken for granted by Washington, D.C.

The neglect assumption pervades the literature on U.S.-Brazil relations. Albert Fishlow described a bilateral relationship that was “missing” in the early 1980s.³ In 2001, an independent task force of the Council on Foreign Relations pleaded in a memorandum to President Bush that U.S. policy toward Brazil could not afford the current lack of attention.⁴ And in 2008, veteran Latin American journalist Michael Reid wrote a compelling book describing South America as the “Forgotten Continent,” neglected by not only the United States but by the rest of the world.⁵ In full, the neglect assumption argues that the United States has ignored Brazil, neglected Brazil, and “let it slip away” to become closer to other powers such as China. Accordingly, it is the United States that has shaped the bilateral relationship, with a passive Brazil responding to the changing whims of its neighbor to the North.

Analysts with neglect-assumption tendencies lament, for example, that President Reagan resurrected Cold War security concerns at the expense of traditional Brazilian economic development objectives: the traditional economic goals long prioritized by Brazil in order to achieve its coveted “First World” status.⁶ This held particularly true given how deeply the 1980s debt crisis affected Brazil’s economy. Rubens Barbosa, previously the Brazilian ambassador to the United States, described traditional U.S. foreign policy thinking in terms of “big ones” based strictly on national security considerations.⁷ Due to this focus on national security and the fact that there is only a finite amount of time and manpower to dedicate to each region, peaceful and largely friendly Brazil falls by the wayside. This was particularly regrettable, argues the neglect assumption, given the great strides Brazil made in the twenty-first century and the opportunities Washington lost in pursuing a strategic partnership with Brazil on issues such as nuclear nonproliferation, energy security, and global peacekeeping.⁸

Interpretations of U.S. policy toward Brazil based on the neglect assumption have in common a pressing appeal for the U.S. government to pay closer attention to Brazil. With a sense of urgency, they focus on the
perceived fleeting window of opportunity for engagement and the hitherto missed opportunities in security, energy, and economic cooperation.\(^9\) The literature overwhelmingly implores the United States to change its errant ways and wake up to the reality of Brazil’s size, economic importance, and potential as a strategic ally. In claiming that the United States ignores Brazil, implicit in the neglect assumption is the belief that any existent midlevel engagement is insufficient and lacks gravitas or value.

The widely held acceptance of U.S. neglect of Brazil raises interesting and obvious questions. Why did the United States apparently abandon its “special relationship” with Brazil? If indeed the United States has neglected Brazil since the 1970s, what caused this shift? What were the factors that prompted attention between 1882 and the mid-1970s, and are those factors currently present? Finally, have new factors emerged such as those centering around energy development and agricultural trade that could prompt increased bilateral engagement?

THE IMPORTANCE OF “DUAL PRIORITIES”

The timeline of U.S.-Brazil relations reveals that elements of the neglect assumption do indeed hold true. The level of U.S. engagement with Brazil is limited by the security-focused nature of U.S. foreign policy and the competing pressures of more urgent matters ranging from the Middle East to the Balkans. But the neglect assumption does not accurately capture the nature of the U.S.-Brazil relationship or the factors driving any drop-off in engagement; in so doing, it is misleading and inadequate. It is misleading in its implicit affirmation that the United States abandoned its relationship with Brazil. In labeling U.S. policy one of neglect, these scholars depict a United States withholding desired attention from its southern neighbor—a description that distorts the post–Cold War reality. The neglect label misconstrues the nature of U.S.-Brazil relations by using a normative assessment of the relationship as opposed to an objective analysis of the roots of bilateral engagement.

Second, the neglect assumption underestimates the importance of lower-level, “bureaucratic” engagement that has been present from the onset of bilateral relations to the current period. This engagement is oftentimes quite substantive, but because it often deals with nonurgent issues such as patents, tariffs, and the environment, it rarely makes front-page news. Accordingly, the neglect assumption only tells part of the story. While sustained high-level engagement between the two countries has not occurred since the end of the Carter administration, meaningful bureaucratic involvement has indeed taken place.

Instead of thoughtless neglect on behalf of Washington, this book argues that engagement between the two countries is limited by the “dual
priorities” nature of the bilateral relationship—a relationship in which policy attention is present only insofar as dual priorities exist. When issues emerge that both countries prioritize, engagement—either cooperation or competition—follows. For example, there was minimal engagement during much of the Cold War (with the exception of the period surrounding Brazil’s 1964 coup and the Carter years) because Brazil had very little interest in the global Cold War, focusing instead on economic development issues. In contrast, the common goals of defending the Monroe Doctrine at the turn of the twentieth century and of defeating any Communist threat in post-coup Brazil led to substantive interaction between the two countries. So the term “neglect” is misleading in its depiction of a Washington-run relationship, when in fact it is the absence of mutually important issues that translates into a lack of bilateral engagement. Importantly, the existence of common priorities changes as countries change, thereby opening the door for strong bilateral engagement between the United States and Brazil in the future. This dual-priorities nature of the bilateral relationship is not unique to the United States and Brazil. Bilateral engagement between any two countries takes place when both countries prioritize common issues. However, many in academic circles have treated the U.S. relationship with Brazil differently than relationships with other countries. A combination of bias and short-term memory have contributed to the characterization of neglect, rather than the more objective interpretation of a relationship limited by differing priorities.

The degree to which common issues exist is driven by both “structural” and “agency” factors. The structural factors affecting the existence of common concerns are (1) the degree of relative power disparity between the two countries, and (2) their foreign policy traditions. The agency factor comprises the presence of policy makers interested in and capable of effecting closer engagement between the two countries. Given the wide disparity of power between Brazil and the United States, as well as their drastically different foreign policy traditions, the overlap of mutually important issues has ebbed and flowed but has never been consistently significant. In fact, of the four examples of high-level policy engagement between the two countries, only the first—the Rio Branco years—can be attributed to a convergence of these structural factors. The other three examples of policy engagement occurred in spite of the two countries’ differing foreign policy traditions and relative power disparity.

As Mônica Hirst writes, “The most important shaping factor in U.S.-Brazil political relations is its asymmetric power structure. For the United States, the importance of Brazil in world politics and international security matters quite little, especially when compared to crucial allies such as Canada and Great Britain.” Indeed, the power gap between the two countries that emerged after World War I and continued to grow at least until the turn of the twenty-first century had enormous consequences for bilateral relations.
Second, the two very different foreign policy traditions of each country have led to foreign policy agendas that do not always overlap. Traditions refer not to the specific foreign policy decisions taken by each government, but rather to their general tendencies and values. For example, the United States focuses on “traditional” national security issues such as national defense, while Brazil defines its national security in liberal, economic terms. These traditions affect the foreign policy decisions made. The structural and agency factors will be analyzed in turn.

STRUCTURAL FACTOR: RELATIVE POWER DISPARITY

The relative power disparity between Brazil and the United States has limited the overlap of mutually beneficial or prioritized foreign policy goals. While the extent of U.S internationalism has varied, the United States has held a defining role in influencing the international arena since its birth as a world power after the Spanish-American War in 1898. Brazil, in contrast, has worked to expand its voice both regionally and internationally, but its efficacy up until the early twenty-first century was limited both by economic constraints and oftentimes by political instability. With the exception of Brazil’s important contribution to the Allied cause in World War II, Washington has not considered Brazil a reliable partner. This held especially true during the debt crisis of the 1980s in which Brazil was completely debilitated for almost a decade. These constraints have contributed to the perception in Washington that Brazil is not a “serious” partner, despite calls for the United States to treat it as such by many holding the neglect assumption.

Brazil’s lower power status vis-à-vis the United States has resulted in a reluctance to establish deeper ties with the United States, leaving Washington with a partner that is predisposed to be fearful of U.S. power and to oppose increased U.S. involvement in Latin America. One example is regional security, often cited as an area in which the United States should show more interest and leadership. According to Luis Bitencourt, however, Brazilians believe that an emphasis on regional security issues will exacerbate the already overwhelming U.S. influence in the region. He describes how the “memory of the long, overwhelming, and quite often suffocating American supremacy in the region, under the justification of the Cold War, is still fresh among Latin American decision makers.”¹¹ Quite different from the days of the unwritten alliance when the bilateral relationship was marked by the almost quid-pro-quo arrangement of U.S. military and economic aid in exchange for Brazilian policy support, Brazil views increased U.S. military involvement in the region with suspicion and as a threat to its regional hegemony. Elements of this distrust have continued well into the post–Cold War era.
Further, Brazil’s aspirations to increase its relative power position in the post–Cold War era have translated into a desire to differentiate itself from the United States. For example, the Lula administration’s principal foreign policy priority was to deepen Brazil’s ties with other Latin American countries, moving away from the United States. As it pushed this “South-South” agenda, Brazil increasingly looked to its developing-country counterparts such as India and China to check the influence of the Western world. Accordingly, Brazil continues to adopt an obstructionist stance on many issues important to the United States, ranging from environmental protection to agriculture subsidies. In this vein, the oft-described U.S. neglect of Brazil has merely been a rational reaction to Brazil’s constant deflection of U.S. initiatives. Alternately, some State Department officials portray a more benign Brazilian stance toward the United States in multilateral forums such as the UN Security Council, describing a Brazil that does not oppose the United States but just does not help, waiting for a consensus to emerge first to see which way the political winds will blow. The power gap between the United States and Brazil, then, has fostered a Brazilian distrust of U.S. intentions and ambivalence toward bilateral cooperation, often resulting in indifference to U.S. initiatives, in effect reducing the potential issues of mutual concern.

We have begun to see erosion in this power gap between the United States and Brazil in the twenty-first century. Among other factors, Brazil’s 2007 discovery—and subsequent smaller discoveries—of an estimated eight to twelve billion barrels of light crude oil off its coast could lead to exponential increases in Petrobrás’s oil and natural gas extraction. The significance of alternative energy development also has the potential to transform the bilateral relationship. As the global economy shifts away from dependence on oil, Brazil’s role as a global leader in the production and development of ethanol could shift the tectonic plates of the underlying U.S.-Brazil relationship. So, for the first time since the Rio Branco years, bilateral engagement between Brazil and the United States has and will continue to increase into the twenty-first century. This is not due to circumstantial or fleeting common goals, but rather to an increased overlap of common issues driven by the diminishing relative power gap between the two countries.

**STRUCTURAL FACTOR: DIFFERENT FOREIGN POLICY TRADITIONS**

The foreign policy–making traditions of Washington and Brasilia comprise the second element affecting the existence of overlapping bilateral issues. *Traditions* does not refer to specific foreign policy decisions such as whether or not to support a free-trade agreement or how to vote on a UN resolution.
Instead, foreign policy traditions are the much broader, perhaps even institutionalized priorities and values of a country’s foreign policy. Brazil’s tradition centers on both economic development and nonintervention. As for the former, the development of Brazil’s foreign policy has always been connected to its economic models. Examples of the primacy of economic development abound. In April 1985, president Sarney stated that Brazil’s fundamental foreign policy goals were the “return to development and higher employment.”\textsuperscript{13} In a November 2005 meeting with President Bush, Lula stated that Brazil’s foreign policy is “not just about projecting Brazil into the rest of the world; it is also a fundamental element for our nation’s project of development.”\textsuperscript{14} Tellingly, Itamaraty—Brazil’s foreign ministry—is the principal state agency handling trade issues.

In stark contrast, the U.S. foreign policy tradition is rooted in traditional security issues and the promotion of its world vision abroad. Business and the economy—while always constituting important foreign policy objectives—are trumped by traditional security concerns. This is reflected in part by a foreign policy configuration within the U.S. government in which commercial issues are handled outside the State Department. The less prominent role of economic issues in the White House’s foreign policy priorities results in less room for engagement with Brazil. As Albert Fishlow contended in the late 1970s, “The essential requirement for an effective U.S. policy, as it was before 1964, is a tangible commitment to the centrality of economic development. This is the keystone of any enduring relationship with Brazil. . . . Political demands and pleas for shared responsibility will fall on deaf ears absent a sensitivity to Brazilian economic preoccupations.”\textsuperscript{15} The death of the Alliance for Progress in the late 1960s reveals Fishlow’s point. The incoming Nixon administration in 1969 and the subsequent drop in economic aid to Latin America meant that development-based initiatives no longer served as the backbone of U.S. foreign policy in Latin America, and led to decreased room for cooperation with Brazil. A greater U.S. sensitivity to Brazil’s economic focus may be neither desirable nor necessary for U.S. national security in the post–Cold War era; the relevant point is that the two countries’ differing foreign policy traditions have contributed to a situation of “deaf ears” on both sides.

The second distinction between Brazil’s and the United States’ foreign policy traditions—one that shuns international intervention versus one that views it as a useful and necessary tool in some circumstances—has contributed to fewer areas for engagement between the two countries. Itamaraty has consistently refused participation in any international endeavor that risks the violation of another country’s national sovereignty. Its repeated prioritization of national sovereignty over nearly all other values limits its ability to serve as a reliable partner of the United States when confronting rogue states or in cases of international aggression. At the same time, Brazil’s pacific foreign policy tradition also means that Brazil has never in its
history been an aggressor and therefore poses no “problem” for the United States in this regard. James Dobbins explained how the degree of attention paid to a country by the United States can be derived from two elements: either the country is creating problems, or the country can play an important role in resolving other problems. Brazil, with relatively few exceptions, has not fit into either category due to its lower power status relative to the United States and its noninterventionist foreign policy tradition.16

In full, the power gap and foreign policy–making preferences of the United States and Brazil help explain why Washington has failed to consistently treat Brazil as a critical ally or strategic partner. Up until the twenty-first century, Brazil was not strong, problematic, or threatening enough to bring its own issues to the table aside from a steady quest for increased economic aid, and it did not have the relative power to serve as an effective military or economic partner for the United States. Brazil’s foreign policy tradition emphasizing economic development and national sovereignty further limited the potential areas for engagement with Washington. This mismatch of capability and will between Brazil and the United States, by minimizing the existence of dual priorities, limited the instances of engagement to the four aforementioned periods. Interestingly, we see that the special relationship was perhaps not all that special, and Washington’s supposed neglect was not neglect at all. Rather, the entire trajectory of U.S.-Brazil relations reflects the dual-priorities nature of the bilateral relationship. This is not to say that bilateral engagement can only occur when Brazil’s and the United States’ relative power positions converge or when their foreign policy traditions become more similar; rather, the disparity of these structural factors has only limited the engagement between the two governments. Sporadic bilateral engagement has taken place in spite of, not because of, the relative power and foreign policy traditions of the two countries.

AGENCY FACTOR: THE ROLE OF INDIVIDUALS

The principal factor driving U.S. engagement with Brazil is the existence of common priorities. These issues exist beyond the will of any specific individuals. However, individual policy makers can affect the degree of engagement that occurs when these common issues are in place, thereby influencing the waxing and waning of U.S.-Brazil relations. These “agency factors,” in the form of policy makers in office who are interested in bilateral engagement, can serve as catalysts to deepen bilateral engagement when dual priorities are present. The history of U.S. relations with Brazil shows countless examples of the crucial role of individuals. After Elihu Root and Rio Branco left their respective posts in 1908, Brazil plummeted in terms of its importance to U.S. policy makers. Personal ties between presidents Roosevelt and Vargas certainly facilitated closer cooperation during World War II. Separately, Sec-
Chapter 1

retary of State Dean Rusk was knowledgeable of and interested in Brazil and was a close voice in the ear of President Johnson emphasizing issues related to Brazil. However, while the existence of engaged individuals is a crucial factor in determining how deeply the United States engages Brazil, these agency factors are not sufficient to ensure this interest. For example, an institutionalized high-level consultation mechanism with Brazil, established under the Ford administration, ended in failure after the realities of a global system in which Brazil represented a nonthreatening, less powerful country resulted in the consultation’s obsolescence. Similarly, President Clinton had a very close relationship with President Cardoso and was interested in Brazil for its culture and economic potential. Yet the Clinton administration spent very little time on Brazil; the president’s interest was eclipsed by more pressing national security concerns that were not shared by Brasilia.

In full, engagement between two countries is not either on or off; there are several shades of gray. This is where the role of individuals comes in. The history of U.S.-Brazil relations is full of examples of high-level engagement being facilitated by individual policy makers with a personal interest in closer relations. While interested individuals are not a prerequisite for engagement, they can tip the scale toward more significant engagement when dual priorities exist. People do indeed matter.

IMPORTANT BUREAUCRATIC ENGAGEMENT

The neglect assumption is not only misleading through its normative label of neglect; it is also incomplete in its underestimation of bureaucratic engagement between Brazil and the United States. Even in the absence of common high-priority concerns, there is oftentimes more dialogue on Brazil within the White House and Foggy Bottom than is publicly known or acknowledged. For example, President Eisenhower did not unilaterally or flippantly dismiss Kubitschek’s Operation Pan-America as is often described, and the State Department dedicated consistent interest and thoughtful policy recommendations regarding Brazil in the 1950s. We also see meaningful policy attention in the late 1980s, when bureaucrats within the Office of the U.S. Trade Representative and the Defense Department focused on the bilateral issues of trade and nuclear development. Even when the executive level did not prioritize Brazil, there was oftentimes substantive analysis and policy advice regarding Brazil, reflecting elements of the foreign policy–making community being extremely knowledgeable of Brazil. So while it is accurate to claim that sustained high-level attention of Brazil has not occurred since the late 1970s, this is not to say that all elements of the foreign policy–making community within the U.S. government have been ignorant of Brazil or that they have not pushed a “Brazil
“DUAL PRIORITIES” DRIVES ENGAGEMENT

While relative power disparity, differing foreign policy traditions, and often indifferent policy makers limit the arena of mutual concern between Brazil and the United States, when common concerns trump these limitations, the two countries engage. This study identifies four instances of dual priorities, all four of which involve international struggles when the United States and Brazil prioritized the same issues, either in agreement or disagreement. The first example is the period spanning 1889 to 1908, when both Brazil and the United States were interested in Pan-Americanism and wanted to enforce the Monroe Doctrine. Importantly, this is the only example in which engagement was driven by the two countries’ relatively similar relative power positions. Cooperation during World War II—the second example—was brought about by the U.S. need for Brazil’s support in the Allied fight against the Nazis, and Brazil’s eagerness to serve as a war ally. The Communist threat in the Western Hemisphere and the Brazilian military’s enthusiasm to work with the United States—the third example—drove heightened U.S. engagement with Brazil in the mid-1960s. Fourth and finally, the mutual concern with nuclear development and human rights—revealing opposite stances on the issue of national sovereignty—brought about heightened engagement between the two countries in the mid-1970s, rooted in a competition of ideology. The last three examples of engagement occurred in spite of, rather than because of, the structural factors of relative power and foreign policy traditions. For very different reasons and for differing goals, the two governments happened to engage on issues that each valued.

Looking at each of the four cases in detail, it is clear that between 1889 and 1908, Washington was interested and engaged with the new Brazilian Republic. Interestingly, this period of engagement had two separate causes. Washington focused on Brazil in 1893 and 1894 due to the threat its naval revolt posed to the Monroe Doctrine. The “European nostalgia” held by some of the more reactionary sectors of Brazilian society such as the Brazilian Navy was perceived as a real threat by Washington. In contrast, at the turn of the century, it was Brazil’s very support of the Monroe Doctrine that prompted U.S. policy attention. Representing both a threat to, then support of, one of Washington’s principal foreign policy goals of the era—stopping European encroachment into the Western Hemisphere—
Brazil became a policy priority. Similar foreign policy priorities—while for different reasons—brought about heightened attention to Brazil during World War II and Brazil’s military coup during the Cold War. When these crises peaked, Brazil was on the center stage of Washington’s foreign policy playbook. In all three examples, we see U.S. engagement with Brazil die off as the conflict or struggle ends or is resolved. Finally, U.S. engagement with Brazil during the 1970s reflected the two countries’ differing definition of national sovereignty, played out in the dual concerns of nuclear development and human rights. Unlike World War II or the 1964 coup, this period of engagement was not catalyzed by a military conflict, but rather the lower-grade insecurities and fears of the Cold War. Brazil’s independent foreign policy—emphasizing nonalignment in the global conflict and “nonsubordination” to U.S. interests—could not have been more different from that of Washington, but both countries equally prioritized the two issues. The two different stances led to unprecedented tensions and mistrust between the two countries.

**START WITH THE PAST**

The analysis of over two hundred years of bilateral relations between Brazil and the United States shows that the U.S.-Brazil relationship is not one marked by neglect, but rather one constrained by limited issues of shared concern. In contrast, the neglect assumption tends to be ahistorical, disregarding the details of the two countries’ rich history when depicting the post–Cold War relationship. When isolating the common thread tying all the examples of high-level engagement together, this book asserts, one discovers that the current U.S.-Brazil relationship is not all that different from the special relationship of generations past. While the relationship between the two countries has changed dramatically over the past two hundred years, it has followed the exact same “rules,” as it were, responding similarly to the existence of dual priorities. Only by revisiting the unique history of U.S.-Brazil bilateral relations, then, can one understand the dynamics and the underlying factors affecting the current relationship.

**NOTES**


3. Albert Fishlow, “The United States and Brazil: The Case of the Missing Relationship,” Foreign Affairs 60, no. 4 (1982): 905. Fishlow wrote that just when “Brazil [was] deeply immersed in reacting to its economic difficulties, which necessarily influenced its nascent more participatory political process, the United States [was] largely ignoring and even aggravating them both in order to get on with its national security agenda.”

4. “A Letter to the President and a Memorandum on U.S. Policy Toward Brazil,” Council on Foreign Relations, New York, February 2001. The letter stated that “Brazil is too important to everything that is going to happen in South America for a policy of benign neglect. . . . We are approaching a seminal moment when Brazil and the United States share many key objectives in the hemisphere. But this moment may not last, and it should not be allowed to slip away because of lack of attention on the part of the U.S. government.”


6. Albert Fishlow, “The United States and Brazil”: 905.


9. William Perry, for example, expressed dismay at how “such a large and influential country in the hemisphere [had] escaped a sustained interest from the legislative branch,” calling Brazil “too important to ignore.” See William Perry, “Brazil: Too Important to Ignore,” CSIS Americas Program, Policy Papers on the Americas 7, no. 3 (15 July 1996).


16. Author interview with James Dobbins, senior fellow at the RAND Corporation, 10 July 2008.

17. Author interview with Philip Chicola, 7 July 2008.
Part I

1893 TO WORLD WAR II
The 1893 Naval Revolt and the Rio Branco Years: Origins of the “Unique Alliance”

While the special relationship between the United States and Brazil did not solidify until the late nineteenth century, relations between the two countries date as far back as the late eighteenth century when the United States’ independence movement influenced events in Brazil. The leader of Brazil’s first independence movement (the Inconfidência) asked Thomas Jefferson in 1786 for support, and Brazil was the first Latin American country to house a U.S. diplomat. Further, Brazil’s political leaders at the time were influenced by the Federalist Papers as well as the U.S. Constitution, which had been translated into Portuguese. In the early 1800s, Thomas Jefferson saw a special role for Brazil in his envisaged “American System,” in which all American nations would join together in a union independent from and unconnected to Europe. Tellingly, in 1820, Thomas Jefferson stated that he “would rejoice to see the fleets of Brazil and the United States riding together as brethren of the same family, and pursuing the same object.”

Other examples of friendliness between the two countries during the nineteenth century abound. In 1824, the United States was the first country to recognize Brazil’s independence from Portugal declared two years prior, and Brazil was the first country to officially acknowledge the 1823 Monroe Doctrine (even going to the extent of erecting a monument of James Monroe in 1894 in Rio de Janeiro). In 1828, Brazil and the United States signed a Treaty of Friendship, Navigation, and Commerce. And President Lincoln allegedly stated that if he were to accept international mediation to end the Civil War, he would prefer the help of Dom Pedro II over that of Europe. But while relations were friendly during the years of the Brazilian Empire (1822–1889), increased closeness did not occur...
until after the establishment of Brazil’s republic in 1889. The prerepublic time was marred by poor diplomatic representation and a general mutual lack of interest. This began to change after Dom Pedro II’s visit to the United States in 1876 to see the Centennial Exposition of the Declaration of Independence. His down-to-earth manner “endeared him to the U.S. press, which called him ‘the Yankee Emperor.’” Dom Pedro II, for his part, admired the United States for its economy, political institutions, and ideas. He had also established relationships decades prior with leading American intellectuals and writers.

In November 1889, Brazil’s imperial regime was overthrown by a nearly bloodless military coup. The emperor had lost key support of the landowners due to the 1888 abolition of slavery; the regime had also become increasingly anachronistic in light of a growing republican ideal shared among much of the population and elements of the military. Accordingly, the military deposed the emperor and called upon politicians to write a constitution and create a political system based largely on that of the United States. Not surprisingly, then, the coup was responsible for the dawning of closer relations between Brazil and the United States. Washington was thrilled to see the monarchy replaced by a republican system, especially one that used the U.S. 1776 Constitution as its model. Alabama senator John Morgan stated that “nothing so grand or so excellent has ever been achieved in the history of any nation.” Robert Adams, the U.S. minister in Brazil, sent a dispatch to Washington describing the revolution, writing that the U.S. “constitution and flag have been copied and looking to future relations I desire our country to be first to acknowledge the Republic.” Republicans in the U.S. Senate did not agree, fearing the precedent of a militant overthrow of a stable authority and wanting to avoid a direct blow to the old emperor. Accordingly, in December 1889, the Senate blocked the passage of a resolution calling for recognition of the new republic. But about one month later—after nearly all neighboring Latin American countries recognized the new government—the United States extended formal recognition to Brazil. One of the first acts of the new Brazilian Congress was to pass a resolution expressing thanks to the United States.

Interestingly, the birth of the Brazilian republic occurred precisely at the time that the United States began to involve itself more abroad. By the early 1890s, the U.S. government started to translate its tremendous post–Civil War economic growth into overseas expansion. The United States’ enormous economic and military capabilities amassed by the end of the Spanish-American War in 1898 led to the ability and desire by U.S. policy makers to expand their political interests abroad. One example of this increased reach was its involvement in the failed Brazilian “revolution” of 1893—the first case of modern U.S. foreign policy prioritizing engagement with Brazil.
Brazil’s newly acquired independence was put to the test when in September 1893, the majority of the Brazilian navy boarded three warships as well as several commercial vessels and set siege to the harbor of Rio de Janeiro. Led by Naval Admiral Custódio de Mello, the insurgents attempted to blockade the harbor, overthrow the strong-armed Floriano Peixoto government, and reinstall the Portuguese monarchy which had fallen just four years earlier. The rebellion was led by staunch enemies of Peixoto—largely monarchists—who disagreed with, among other things, Peixoto’s strong support of a reciprocity agreement signed with the United States in 1891, and resented his dictatorial tendencies. The standoff resulted in an extended conflict that lasted from September 1893 to March 1894. Interestingly, the involvement of a relatively indifferent United States became the deciding factor in the outcome of the conflict. Had it not been for U.S. actions, the “Brazilian revolution” may well have ended the nascent republic.

It may seem ironic, then, that throughout the conflict U.S. Secretary of State Walter Gresham was insistent on his desire to maintain strict neutrality. Part of the insistence to remain neutral came from the outcome of the Chilean Revolution of 1890–1891, in which the United States diplomatically supported President Balmaceda, the incumbent executive, alienating what became the victorious opposition. This alliance with the losing side certainly influenced subsequent policy during the Brazilian case. Per his instructions from Washington, American minister to Brazil Thomas Thompson (ambassadorial relations were not established between Brazil and the United States until 1905) declined a request from President Floriano Peixoto to meet about possible strategies to quell the uprising, while at the same time refusing to grant the status of “belligerent” to the rebels, which would have legitimized the siege. The United States simply demanded from both Peixoto and Mello that ships flying foreign flags be allowed port entry.

Secretary Gresham hoped to pursue a neutral, defensive policy not aggressive toward the rebels. He did not want to intervene to restrict the operations of either party, but he also would not stand for interference with American commercial vessels. Accordingly, Gresham outlined a policy on November 1, 1893, that he hoped would meet his concomitant goals of keeping neutral while ensuring access of American vessels—what ultimately became an impossible balance to maintain. Gresham declared that American goods must be able to reach shore as long as their cargo boats did not “cross or otherwise interfere with Mello’s line of fire.” Needless to say, this policy was a difficult one to follow strictly in an environment marked by the finite space of a harbor and many firing rebel vessels. In fact, two American commanders were replaced during the conflict, as the first (Admiral...
O. F. Stanton) was seen as sympathetic to the rebels, while the second (Commander Henry F. Picking) was viewed as overly harsh.

To back its policy to enforce commercial access, in January 1894, the United States increased the number of warships in the harbor from two to five—the most of any foreign fleet. The American squadron was led by Rear Admiral Andrew Ellicott Kennedy Benham. An agreement was also reached between the insurgents and all foreign countries present in the harbor that the rebels would not bombard the city as long as the Brazilian government refrained from provoking the rebels by fortifying it—an example of diplomatic nuance at its best, but one that seemed to work.

By the end of January, frustrated with the lack of progress, the rebels adopted more aggressive tactics, firing on U.S. merchant vessels and preventing them from unloading cargoes. Benham demanded an end to the interference, but consistent with the U.S. policy of neutrality, he assured the rebel commander that "this demand is not intended to restrict or hamper in any way the prosecution of your military or naval operations." However, he received no reply from the rebels, and on January 29, an insurgent craft fired on a U.S. vessel; in response, the U.S.S. Detroit—which was positioned to protect U.S. ships—returned fire, which landed just short of the bow of the insurgent craft. Another round of missed shots was fired, after which the U.S. commander informed the rebels that the Detroit would sink the insurgent vessel if fired upon again.

This round of force had a profound psychological impact on the rebels. Following this nonfatal exchange, U.S. ships were no longer bothered. The strength of the insurgents had begun to wane after February 1894, even though the opposing forces were at a relative military standstill. The rebels' declaration for a return to the monarchy was not well received by most Brazilians, and defections began to increase. Feeling the political tide turn his way, Peixoto announced that elections would still be held that March, and that he would be succeeded by a civilian. Peixoto's commitment to electoral democracy disproved a principal raison d'etre of the rebels' cause. While the revolt continued for two more months, including a rebellion in the southern states, the insurgents surrendered with no further violence, seeking asylum in Portugal.

MOTIVES BEHIND U.S. INVOLVEMENT

How was it that the United States became involved in a conflict it had every apparent intention of avoiding? First, the United States had just signed a trade reciprocity agreement with Brazil in 1891—an important symbol of cooperation between the two republics. So the free access of American ships to Brazil was a priority for trade reasons. This goal in and of itself led to
U.S. de facto support of the government. In that the naval rebels’ principal strategy was to keep foreign ships away from the harbor in order to starve the government of desperately needed customs revenue, an unsuccessful blockade meant a failed revolution. The U.S. support of the Peixoto government could therefore be seen as little more than a secondary outcome of protecting American shipping vessels.

Further, the Monroe Doctrine played a large role in U.S. actions. Rebels repeatedly spoke of their desire to reestablish the monarchical order; the first naval commander, Admiral Saldanha da Gama, even stated on December 7, 1893, that the revolt’s purpose was to restore the empire.10 Gresham subsequently wrote on January 6, 1894, “Should European powers attempt to re-establish the monarchy in Brazil, the Monroe doctrine will not only be asserted . . . but maintained.”11 While Gresham came to be dissuaded of the notion that the British or any other European government was actively plotting to establish a monarchy in Brazil, the Cleveland administration was still puzzled by the manner in which Great Britain treated the conflict with complete indifference, despite historically strong economic ties with Brazil. The British navy did not respond to nine officers who were killed in the line of fire, nor did the British government protest the rebels’ seizure of British coal on January 12, 1894. From the perspective of the U.S. government, the British government certainly appeared much more concerned with maintaining relations with the rebels than protecting their own vessels. Gresham surmised that Britain was at least sympathetic to the rebels’ cause; it treated the rebels as legitimate foes of the state and was neutral to the point of being indifferent. Gresham had good reason to be suspicious of British intentions. British minister Hugh Windham was suspected of being sympathetic to Mello even by the British Foreign Office, and despite specific instructions from the foreign office to maintain neutrality, he supported a policy of granting belligerent status to the insurgents. American minister Thompson had reported to Washington starting in October 1893 that the insurgents planned to reestablish the monarchy, and on December 13, Thompson reported to Gresham that he had proof that the British naval forces were offering support to the insurgents.12 Specifically, Gresham feared that Britain would withdraw its ships and recognize the rebels as belligerents. The logical conclusion was that Great Britain was supporting the insurgents with the goal of restoring the monarchy and returning to its favorable commercial relationship with Brazil.

Contrary to Gresham’s suspicions, Great Britain had adopted a policy of total neutrality in the revolt—one that prioritized following the United States in the conflict. Great Britain had no intention of recognizing the rebels, preferring to follow the U.S. lead, and consistently opted not to recognize belligerency unless in concert with the United States and other involved powers.13 Britain’s refusal to depart from a policy of strict neutrality
unless joined by other powers trumped its desire to protect its commerce. In this respect, the British policy was more neutral than that of the United States, whose sympathies certainly lay with the republic of Brazil, consistent with its support region-wide of liberal institutions and independent republics. But just as the attempts at neutrality by the Cleveland administration benefitted the Peixoto government, it is safe to surmise that the revolt’s defeat was caused as much by British inaction as by American involvement.

A final interpretation of U.S. motives in the naval revolt has to do with the economic depression which hit the U.S. economy in 1893—the worst depression since the Civil War. Secretary of State Gresham, who had presidential aspirations and strong opinions about economic policy, believed free trade was necessary for U.S. economic recovery. Raw materials from Brazil as well as open markets for U.S. exports were important elements of this equation, and Gresham saw the republic as much more conducive to lower tariffs. According to this theory, the drive to better secure international free trade was the deciding factor behind U.S. involvement in the revolt.

American goals during the revolt most likely represented a combination of all these factors, resulting in a policy of supporting liberal republican institutions while keeping the Great Britain at bay. What, then, does this tell us about U.S. policy toward Brazil at this time? As the Brazilian republic was only four years old, U.S. policy toward Brazil was, needless to say, new and without precedent. Bilateral relations were nothing resembling the special relationship that began at the turn of the twentieth century. As such, U.S. policy toward Brazil was one of promoting the growing economic ties embodied in the newly signed reciprocity agreement of 1891 while keeping Great Britain from reestablishing its foothold in the region.

The limited U.S. involvement in the revolt marked one of the last examples of real restraint in U.S. foreign endeavors in the nineteenth century. During a time when many policy makers were calling for a more aggressive foreign policy, hoping to capitalize on U.S. strength by expanding its international reach, Secretary Gresham was cautious, hoping to keep America’s foreign role as limited as possible. He also sought to minimize the U.S. imperialist inclination, including in Hawaii and Samoa, which the United States annexed in the late 1800s. Gresham wrote that the United States did “not need such a navy as European Governments maintain,” and described that he was “opposed to a large army and navy.” However, as a strident supporter of the Monroe Doctrine, Gresham became obliged to make a stand in Brazil. In hindsight it becomes clear that the Brazil episode marked the beginning of a U.S. government more aggressive in preempting any foothold of the Old World into the Americas. Washington’s role in the Brazilian revolt also served as a precedent for regional conflicts that immediately followed. In
the Venezuelan boundary dispute of 1895–1896 with British Guiana, the United States demanded that the British submit the dispute to arbitration using the Monroe Doctrine as justification and pledged to enforce the boundary commission’s results by all means necessary. The Cleveland administration also responded forcefully when the British sent troops to Nicaragua near the proposed site of the Nicaraguan canal in 1894. While the area was previously a British protectorate, the United States worked with Nicaraguan President Zelaya to force the British out and incorporate the territory into the Nicaraguan republic.

What is perhaps most interesting and relevant to this study is the degree of policy attention paid to Brazil during this time. While Brazil was not as important as, say, Cuba or Panama to the Cleveland administration, it was certainly a priority foreign policy concern. The naval revolt was described by historian Walter LaFeber as “one of Secretary of State Gresham’s most difficult problems.” Indeed, the rebellion was front-page news in the United States. While the U.S. position in the conflict remained neutral, it paid extremely close attention to the conflict. Secretary Gresham was in constant contact with Minister Thompson in Rio, and the Brazilian minister to the United States met with Secretary Gresham on an almost daily basis. This involvement was part of the Cleveland administration’s expansion of U.S. interests abroad. The threat to the pro-American Peixoto government and its commitment to free trade, combined with the desire to enforce the Monroe Doctrine, led the United States to include Brazil as a foreign policy priority. The Peixoto government certainly shared this priority, allowing for substantive engagement between the two countries.

In full, U.S. policy toward Brazil in the nineteenth century incorporated fostering weak yet growing economic ties as well as supporting the republic’s independence from Portugal. The Cleveland administration’s de facto backing of the Peixoto government during the 1893 naval revolt marked the beginning of the two countries’ close ties. As a result of U.S. support, the Brazilian government and people celebrated July 4, 1894, as a national holiday—closing government and commercial offices, displaying American flags, and calling Minister Thompson to express thanks and friendship.

The United States’ heightened level of engagement with Brazil beginning in 1889 is best explained by similar foreign policy priorities. Both countries’ governments wanted to stop the naval revolt; the Cleveland administration’s goals were to eliminate a potential threat to the Monroe Doctrine and ensure ongoing trade flows with Brazil, while the Peixoto government’s principal goal was to save its political life. While no additional formal links between the two countries resulted from the revolt, the sense of goodwill between Brazil and the United States set the stage for an “unwritten alliance” that developed at the turn of the century. In this alliance, Brazil became a crucial ally in the Roosevelt administration’s fight
against European aggression as a vocal defender of the Monroe Doctrine and Roosevelt Corollary.

THE ROOSEVELT–RIO BRANCO YEARS, 1902–1909

The years immediately following the turn of the century have been described by historians as “years of approximation” and a time of “equal partners.” Commercial ties were growing at a rapid pace between the two countries, with the United States representing the single largest customer of Brazilian coffee, rubber, and cocoa; Brazil also began to shift its diplomatic focus from London to Washington. This policy decision to align Brazil with the United States was made principally by José Maria da Silva Paranhos, the Baron of Rio Branco, who became minister of foreign relations in 1902. His desire to ally Brazil with the United States was unflagging. Upon welcoming U.S. Secretary of State Elihu Root to Brazil in 1906, Branco declared that the “manifestations of friendship for the United States that you have witnessed come from all the Brazilian people, and not from the official world alone, and it is our earnest desire that this friendship, which has never been disturbed in the past, may continue forever and grow constantly closer and stronger.” Holding the post until his death ten years later, Rio Branco was the most influential foreign minister in Brazil’s history and subsequently became a national hero. In addition to significantly expanding Brazil’s territory and establishing its current borders, he championed more engagement abroad, increased the number of diplomatic posts overseas, and—most relevant to this study—adopted a policy of total alignment with the United States. Rio Branco found a receptive response in the Theodore Roosevelt administration, particularly with Secretary of State Elihu Root, resulting in a bilateral relationship based on trust, personal friendship, and complementary goals. Historian Bradford Burns is not alone in claiming that diplomatic relations blossomed during Rio Branco’s tenure to reach a “high-water mark in the history of diplomatic relations between Brazil and the United States, unequalled before the Baron of Rio Branco and unsurpassed since.”

The growing alignment between Brazil and the United States during this decade was facilitated by economic complementarity. Brazil principally sold tropical goods, while the United States sold manufactured goods and produce. This is not to say that the relationship was devoid of trade frictions. Brazil enjoyed a large trade surplus with the United States, made possible by tariff-free entry of Brazilian coffee into the United States, while U.S. exports were subject to tariffs due in part to a protectionist Brazilian Congress. Years of often heated trade negotiations led to temporary tariff concessions on several U.S. goods, ranging from flour to clocks and
The 1893 Naval Revolt and the Rio Branco Years

watches. But while the economic relationship was frequently dominated by the ongoing U.S. struggle for tariff concessions, the underlying structural relationship between the two economies was harmonious. A mutually beneficial economic connection therefore developed that would have been impossible with, say, Argentina, which competed with the United States with its wheat and flour exports. While this economic complementarity allowed for close bilateral relations, the roots of heightened U.S. policy attention to Brazil during this time were both countries’ unwavering support of the Monroe Doctrine and the Roosevelt Corollary.

U.S. POLICY ATTENTION TO BRAZIL

Rio Branco’s efforts to promote friendship with the United States on a high diplomatic level were well received by the Roosevelt administration. To start, Rio Branco was the ideal statesman to represent what was then a little-understood, faraway land. Speaking flawless English and having lived in Europe for much of his life, Rio Branco was cultured, worldly, and represented a Brazil that Americans not only could relate to but one entirely different from the widespread stereotype of Latin Americans as lazy and poorly educated. Brazil’s image was bolstered by the rebuilding of Rio de Janeiro in 1902 into a capital city on par with European capitals, which brought it increased international attention and even admiration as one of the most beautiful cities in the world.24 Brazil also had an effective representative in Washington during this time with Joaquim Nabuco as Brazilian ambassador. During his tenure from 1905 to 1910, Nabuco made friendships at high policy levels and was able to successfully lobby for Brazil’s interests at the congressional and executive levels. One of these friendships was with Elihu Root, one of the most respected statesmen of the time, who was secretary of state from 1905 to 1909.

Upon taking office in 1905, one of Secretary Root’s principal goals was to change the U.S. attitude toward Latin America. U.S. policy makers’ perspectives toward the region were dominated by stereotypes of siestas and the mañana principle. Even President Roosevelt shared elements of these biases, writing in 1904 that American intervention to suppress the Castro regime in Venezuela would “show those Dagos that they will have to behave decently.”25 Root wrote to Senator Bill Tillman on December 13, 1905, “The South Americans now hate us largely because they think we despise them and try to bully them. I really like them and intend to show it. I think their friendship is really important to the United States, and that the best way to secure it is by treating them like gentlemen.”26 Root personally initiated an unprecedented policy of friendliness and acknowledgment of the region’s—especially Brazil’s—importance to the United States.
One of the first indications that the United States was taking its southern neighbor more seriously came in 1905 when the two governments elevated their diplomatic representation from ministerial to embassy status. Rio Branco originally raised the issue in December 1904, and while official records on this issue are scarce, it is widely noted that President Roosevelt was in firm agreement, and arrangements were made informally but quickly. Respective ambassadors were simultaneously appointed on January 10, 1905. Today in the twenty-first century, when the United States has embassies in almost every country in the world, it is easy to underestimate the importance of this shift. In 1904, however, the United States had only seven embassies worldwide, while Brazil had none. More than a mere symbolic gesture, the enhancement of formal diplomatic relations reflected a growing economic and political approximation between the two countries.

Washington was also willing to recognize Brazil’s strength and influence in the region. As historian Bradford Burns notes, “No evidence exists that any United States official tried to deride Brazil’s ambitions. To the contrary several high officials encouraged Itamaraty’s aspirations.” And interestingly, Theodore Roosevelt strongly supported Brazil’s “greatness,” in stark contrast to other Latin American countries which were smaller and more conflict ridden. Roosevelt wished for a strong Brazil to protect the Monroe Doctrine, and Brazil’s forgiving interpretation of Washington’s intentions was invaluable in influencing the rest of the region.

No action served to reveal the United States’ respect and affinity for Brazil more than Secretary Root’s visit to Latin America in 1906. In July of that year, Root sailed to Rio de Janeiro to attend the Third Pan-American Conference. Notably it was the first time an incumbent secretary of state had traveled abroad, a fact that was not overlooked by Brazilians who welcomed Root as if he were royalty. His most important speech of his two-month trip was made at the opening of the conference, a speech that later became a benchmark of sorts for U.S. policy toward the region. Secretary Root endeared all Latin Americans with his declaration that:

We wish for no victories but those of peace; for no territory except our own; for no sovereignty except the sovereignty over ourselves. We deem the independence and equal rights of the smallest and weakest member of the family of nations entitled to as much respect as those of the greatest empire. . . . We neither claim nor desire any rights, or privileges, or powers that we do not freely concede to every American republic. We wish to increase our prosperity . . . but the true way to accomplish this is not to pull down others and profit by their ruin, but to help all friends to a common prosperity and common growth.

Root’s visit and declaration of equality removed many Brazilians’ suspicions toward their colossal neighbor. The U.S. ambassador in Rio de Janeiro wrote that “As a direct result of your visit to Brazil, the whole attitude of the
Government and people of this Republic toward the United States has been revolutionized, and we may fairly count in the future that the assumption will be that we mean well, instead as it has been in the past that we mean harm.29

Elihu Root’s special affinity for Brazil was driven in part by his close personal friendship with Brazilian Ambassador Joaquim Nabuco, a relationship that ultimately had an impact on both U.S. policy toward Brazil as well as Brazil’s perception of this policy. Nabuco is noted to have been more than an occasional visitor at the White House, and he attended the theater and went on weekend automobile rides with Root.30 Root also worked to increase Brazil’s prestige in policy circles in Washington, D.C. He helped plan a dinner hosted by Ambassador Nabuco and appealed personally to attendees to ensure their attendance, writing to one admiral, “The dinner has an important bearing upon the new rapprochement we are endeavoring to bring about between the United States and Brazil.”31

In hindsight, the degree of attention that Root and Roosevelt—the two highest-level policy makers in the United States—paid toward Brazil during this time is quite remarkable. A revealing anecdote involves an impromptu visit to Rio by sixteen American battleships on their way home from Europe. During the 1908 Hague Peace Conference, Brazil and the United States had openly disagreed on, among other issues, the composition of the proposed International Court of Justice. As a symbolic gesture of friendship to help dispel any feeling of ill will, the U.S. fleet stopped at the Rio harbor on its way home and was welcomed by thousands of cheering Brazilians. President Roosevelt even telegraphed a friendly message to President Afonso Augusto Moreira Pena declaring solidarity and friendship.32 And as a reflection of the importance placed on Latin America, a separate Latin American division of the U.S. Foreign Service was created in 1909—described as being the most overworked in the department.33

COOPERATION ON “MONROEISM AND PAN-AMERICANISM”

The central goal of Secretary Root, Ambassador Nabuco, and Rio Branco was to further a policy of “Pan-Americanism”—the “closer union among American nations, to provide for their well-being and rapid progress.”34 The goal of promoting more intimate and harmonious political and economic relations among the Americas actually originated with the United States, embodied in the First International Conference of American States which opened in Washington in 1889. While Brazil and the United States supported the policy for quite different reasons—the U.S. goal of Pan-Americanism was to increase its influence in Latin America, while Brazil’s focus was to ally itself with its more powerful northern neighbor—the two
countries cooperated on the issue for several years. Nabuco wrote to Rio Branco that he was “dedicating the rest of [his] active life to the intimate approximation of the two countries, an objective which cannot be attained by a single agent or a single minister . . . but only by the constant work through the years of many statesmen and diplomats on both sides.”

Both Brazil and the United States worked toward this Pan-American movement to establish trust and peace among American nations. However, more surprising was Brazil’s support of the Monroe Doctrine as part and parcel of this effort toward increased regional cooperation. In fact, Brazil was the first country worldwide, not just in Latin America, to fully recognize the Monroe Doctrine. While the rest of Latin America generally had negative views of the Monroe Doctrine, Brazil proclaimed its strong support of the policy, viewing it as protection from European aggression and a defense of its newly acquired independence. As Rio Branco stated, “The great service given to the hemisphere by the Monroe Doctrine is the liberty guaranteed to each nation to develop freely.” Rio Branco even planned to have the Brazilian delegation of the Fourth International Conference of American States in Buenos Aires in 1910 issue a resolution in support of the Monroe Doctrine. The draft resolution written by Nabuco stated that “Latin America sends to her great northern sister the expression of her gratitude for that noble and disinterested initiative that has been of such great benefit to the world.” While it was subsequently dropped due to lack of support by other Latin American countries, especially Chile, Brazil’s championing of the doctrine was widely noted in the United States, even making front-page news.

Brazil also lent its support for what became known as the Roosevelt Corollary to the Monroe Doctrine—the notion that it was in the United States’ interest to ensure the stability and prosperity of all neighboring countries. Roosevelt wrote to Root on May 20, 1904, that “any country whose people conduct themselves well can count upon our hearty friendliness. If a nation shows that it knows how to act with decency in industrial and political matters, if it keeps order and pays its obligations, then it need fear no interference from the United States.” But if countries could not behave “properly,” it was the United States’ responsibility to ensure order. Root was in full accordance, emphasizing how the corollary didn’t translate into an erosion of Latin America’s sovereignty but merely instituted the right of the United States to protect the region. The Roosevelt administration also felt the need to reassert the will of preventive U.S. intervention to preempt any European meddling in the region, writing that “if we intend to say ‘Hands off’ to the powers of Europe, then sooner or later, we must keep order ourselves.” Unlike the rest of Latin America, Brazil responded favorably to this declaration of the United States as protectorate. Believing the corollary was intended not for Brazil, but rather for the smaller more troubled
countries of the region, it was not threatened by the policy. Instead, Nabuco and Rio Branco believed that South America—especially problematic Paraguay—needed this influence of stability. This assumption reflected the nearness of Brazil’s and the United States’ relative power positions. As the United States was not yet an overwhelming hegemon to its North, Brazil did not interpret its policies as defensively as it would in the future.

Documents show that the Roosevelt administration, specifically Secretary Root, wanted Brazil to take a leadership role in South America. Root and Nabuco exchanged letters in which Root reiterated the benefits of Brazil’s influence in the hemisphere and his aspiration for a U.S. partnership with Brazil. With Nabuco and Rio Branco forming and implementing foreign policy, Brazil became a reliable partner for the United States and was deemed an influential voice in the region supporting U.S. policies, most importantly the Monroe Doctrine. As the New York Star reported on March 23, 1906, “It is the President’s intention, in view of the close relations between the Republic of Brazil and the United States, to arrange an informal—but not the less strong—alliance with Brazil, and to relegate to her the policy of the Monroe Doctrine in South America.”

**POWER OF INDIVIDUALS AND SIMILAR RELATIVE POWER**

If there ever was a time for problematic relations between Brazil and the United States, the turn of the century was certainly one of them. U.S. policies toward Latin America were dominated by the Monroe Doctrine and the Roosevelt Corollary which spelled out the right for U.S. intervention in the region. Roosevelt’s “big stick” policies included assuming administration of the Dominican Republic’s customs after it failed to pay its foreign debt, maintaining firm control over Cuba through the Platt Amendment, and the building and controlling of the Panama Canal in 1904. However, Rio Branco saw Brazil as an equal peer of the United States; both countries were leaders of their respective continents. He wrote in an 1863 published article that “a role of incalculable importance has been reserved for the great Republic of Washington in the destiny of the world. I need not point out the reasons that link the commerce of [Brazil and the United States], the affinities between their agricultures, between their means of transportation, between the moral and material constitution of their peoples.”

Because of this ultimate confidence in Brazil’s strength and connection with the United States, Rio Branco welcomed increased U.S. involvement in the region and served as an important mouthpiece for U.S. policies. The vital role of the U.S. market for Brazilian exports was a large factor in his calculations to ally Brazil with the United States, as was the United States’ growing geopolitical strength. Rio Branco saw close relations with the United
Chapter 2

States as a useful leverage with Argentina—it’s rival for leadership in South America. An 1865 border dispute with Argentina in which the United States ruled in Brazil’s favor also showed how helpful an alliance with the United States could be. In that Rio Branco and Ambassador Nabuco regarded the United States as a benevolent guardian rather than a threat, relations between the two countries were marked by cooperation and goodwill.

Washington’s motives in a close relationship with Brazil were clear. At a time when the rest of Latin America was opposed to the United States’ policies toward Latin America, Brazil’s support of the Monroe Doctrine and Roosevelt Corollary was imperative in bolstering the legitimacy of U.S. actions to preempt European encroachment into the Western Hemisphere. Further, Elihu Root’s personal interest in Latin America and friendship with Joaquim Nabuco facilitated Brazilian efforts at approximation with the United States. Root was able to circumvent possible ill will between the two countries by winning over the Brazilians with his ongoing respect for and interest in Brazil, embodied by his unprecedented trip to the region. Root’s interest resulted in a degree of overall policy attention to Brazil that has rarely been rivaled since.

Brazil’s expectations of reaching the status of an equal partner and confidant of the United States were ultimately not met; however, there is no question that the Roosevelt administration, specifically Secretary Root, paid unprecedented policy attention to Brazil. This attention was driven by a combination of two factors: both governments were interested in solidifying and enforcing Pan-Americanism and the Monroe Doctrine, and there were high-level policy makers on both sides that were interested in an alliance between the two countries. At the end, approximation was more important to Brazil than it was to the United States, and when Root, Nabuco, and Rio Branco left the scene, the enthusiasm and progress on developing the close relationship suffered. After the 1908 presidential elections in the United States, Roosevelt and Root were replaced by William Taft and Philander Knox. Roosevelt’s big stick was replaced by “dollar diplomacy”—the assertive use of American investment to create bigger markets abroad and tie them to the United States. While the role of the United States in world politics was still modest in 1908, it also had begun to expand more rapidly and to look beyond its neighbors. President Roosevelt’s foreign policy focus on asserting U.S. influence in the Dominican Republic, Panama, and Cuba ended with the election of William Taft. With the end of the perceived threat to the Monroe Doctrine, the U.S. alliance with Brazil took on a much lower priority. While the end of Washington’s big stick was welcomed by most in Latin America, for Brazilians, it meant the phasing out of an era marked by thoughtful policy attention and engagement by the United States.

In sum, the period of U.S. engagement with Brazil beginning in the late 1800s, and intensifying during the tenures of Rio Branco and Elihu Root
The 1893 Naval Revolt and the Rio Branco Years

through 1908, was facilitated by the shared foreign policy goals between Washington and Rio de Janeiro, which was in turn driven in part by the two countries’ relatively similar power positions. The fantastic economic growth experienced by the United States after the Civil War had translated into increased power by 1889 and exploded after the 1898 Spanish-American War. A more aggressive foreign policy resulted, reflected in part by its involvement, albeit cautious and measured, in Brazil’s naval revolt of 1894. This increased attention abroad continued through the turn of the century as the Roosevelt administration worked to expand its influence in Latin America through Pan-Americanism and the Roosevelt Corollary. Brazil responded positively to the greater insertion of Washington into the affairs of the region. The Peixoto government was obviously grateful and supportive of the ultimate role the Cleveland administration played in suppressing the naval revolt. And Brazil was one of the only Latin American countries to support both Pan-Americanism as well as the regionally contentious Monroe Doctrine and Roosevelt Corollary. The expansion of U.S. foreign policy after 1898 was well received by Brasilia, due in large part to the fact that the power gap between the two countries was still small relative to future years. Brazil saw itself as a major world power and was not threatened by increased U.S. involvement in the region. The Cleveland administration, for its part, valued the regional importance of Brazil in pursuing its goals of solidifying the Monroe Doctrine and Pan-Americanism.

While Washington and Brasilia found common policy goals during this era, we must not discount the role of individuals in accounting for the degree of bilateral engagement between 1894 and 1908. Rio Branco uniquely made the case that Brazil could increase its strength by attaching to the coattails, one might say, of the United States. He was not threatened by, but supportive of, the Monroe Doctrine. Given his assumption that Brazil’s future lay with Washington, he decided to ally Brazil fully with its northern neighbor. Branco’s worldview, coupled with his friendship with policy makers in Washington, most notably Elihu Root, furthered the cooperation and engagement between Brazil and the United States. The foreign policy goals that he successfully promoted were exactly in line with those of the United States, hence allowing for the unprecedented degree of bilateral engagement. Again, these common foreign policy goals were driven by the structural factor of relatively similar power positions.

NOTES

1. The royal court of João IV fled from Portugal to Rio de Janeiro in 1807 after the French invasion of Portugal. The United States thereafter stationed a


16. The commission ultimately decided on a border favorable to Great Britain; President Hugo Chávez still claims that this land—most of Guyana west of the Essequibo River—is Venezuela's legitimate territory.


23. In 1902, the United States allowed 94.5 percent of Brazilian imports to enter tariff free, and the average tariff on the remaining imports was 4.8 percent. In contrast, Brazil levied tariffs on all imports from the United States, with the average duty amounting to 45 percent. See Bradford Burns, *The Unwritten Alliance*, 64.

24. For one example of the international response, see William Jennings Bryan, “My Visit to Brazil, the Giant of South America,” *World* (19 June 1920), magazine section, 5.


27. Burns, *The Unwritten Alliance*, 173.


29. *FRUS*, 1906, 1:134. Notably, Lloyd Griscom was appointed the first ambassador to Brazil in January 1906; as opposed to a mere party loyalist with deep pockets, Griscom had high social and intellectual prestige—a large honor for Brazil.

30. Burns, *The Unwritten Alliance*. Nabuco fostered President Roosevelt’s interest in Brazil, ultimately leading the president to write a book on Brazil entitled *Through the Brazilian Wilderness*, which described Brazil in very favorable terms. As a further reflection of the popularity of Nabuco among Washington, D.C., policy circles, upon Nabuco’s death on 17 January 1910, President Taft, Secretary of State Knox, and members of the Supreme Court attended his funeral. Taft allowed for an American warship to bring his body back to Brazil—an unprecedented gesture at the time.


36. Argentina was the only other Latin American country to support the Monroe Doctrine, but not as heartily as Brazil.


42. *New York Star*, 23 March 1906. It is worth noting that there were several examples in which U.S. relations with Brazil were front-page news in the United States during this time.
43. Rio Branco, “Brazil, the United States and Monroeism,” FRUS, 1906.
44. In 1893, Rio Branco represented Brazil in a border dispute with Argentina over the Misiones province. President Grover Cleveland ruled in Brazil’s favor in 1895, awarding Brazil the almost fourteen-thousand-square-mile territory.
45. Fareed Zakaria argues that the incredible economic growth experienced by the United States between 1865 and 1896 did not translate into increased power until 1889 due to its relatively weak domestic state. See Fareed Zakaria, From Wealth to Power (Princeton, NJ: Princeton University Press, 1998).
World War I: Widening Power Disparity

After the departure of Roosevelt, Root, Nabuco, and Rio Branco—all by 1912—Brazil fell into nonpriority status. Rio Branco’s successor, Lauro Müller, lacked experience and his efficacy in the United States was undermined by his alleged pro-German bias. With trouble brewing in Western Europe and no personal champions for closer relations with Brazil, the bilateral relationship took a backseat to other policy matters. However, this is not to say that Brazil or Latin America was completely off the foreign policy radar screen of the United States. Condemning Taft’s dollar diplomacy, President Wilson stated in March 1913 in one of his first official statements that “one of the chief objects of the new administration will be to cultivate the friendship and deserve the confidence of our sister republics of Central and South America, and to promote in every proper and honorable way the interests which are common to the peoples of the two continents.”

One major thrust in pursuing these common interests was to continue work toward Pan-Americanism—President Wilson’s plan for hemispheric integration and cooperation. The term Pan-Americanism had meant many things to different countries and administrations dating from the early 1800s, with goals ranging from loosely defined regional cooperation and harmony to a more concrete mutual security pact. Wilson’s notion of Pan-Americanism was comprehensive, focusing on free trade and an understanding of mutual self-interest based on U.S. leadership. Wilson envisioned a hemispheric system whereby Latin American countries would cooperate with the United States to keep the peace should war break out. Pan-Americanism has been described as the centerpiece of Wilson’s Latin America policy and the blueprint for his worldview, with the ABC countries (Argentina, Brazil, and Chile) as key partners in this bold plan. The principal embodiment of
Wilson’s vision was the Pan-American Pact which he proposed in late 1914. The planned agreement spelled out a system of collective security, “mutual guaranties of political independence under republican form of government and mutual guaranties of territorial integrity.”

Supporters saw Wilson’s hemispheric strategy as the push for an equitable regional system based on openness and partnership. Increased regional cooperation would result not only in decreased European influence, but in fewer conflicts and increased trade. Critics, however, saw Pan-Americanism as a thinly veiled attempt at U.S. hegemony—a movement based on “American imperialism with the purpose of winning absolute political and economic supremacy in the western hemisphere.” Wilson’s strategy, according to this view, was less an endorsement of true multilateralism than an attempt for a multilateral endorsement of U.S. policies.

Wilson’s response to the Mexican Revolution was seen as proof of this “my way or the highway” mentality. U.S. forces occupied the port of Vera Cruz on April 21, 1914, with the goal of eliminating General Victoriano Huerta (who had taken power through a coup in early 1913) and establishing a provisional government to hand over to the constitutionalists. Prompted by notification of a German delivery of weapons to Huerta, Wilson had chosen unilateral action as opposed to relying on the Pan-American Union for the undoubtedly slower collective negotiations.

While Wilson subsequently accepted an offer of mediation by the ABC countries which kept the conflict from escalating into a full-fledged war between the United States and Mexico, Wilson’s actions contributed to the demise of the pact in mid-1916. The resulting doubts about Wilson’s good faith in regional cooperation compounded the existing hesitation of several Latin countries—principally Chile—to align too closely with the United States. Notably, Brazil was Washington’s key ally in the process; Itamaraty consistently expressed enthusiasm for the pact and referred to it as “an epoch making negotiation.” However, Brazil’s weight was insufficient to drum up the necessary support from the rest of Latin America.

**EUROPEAN CONFLICT HEIGHTENS**

The escalation of the European war brought with it a subsiding of Wilson’s efforts to promote Pan-American solidarity, particularly after the United States broke ties with Germany in early 1917. Brazil had maintained neutrality until this point but revoked its neutrality in the war shortly after the Brazilian steamer *Paraná* was sunk by a U-boat off the coast of France on April 5, 1917. Brazil formally entered the war on October 26, 1917, following a torpedo attack against the *Macão* steamer—the fourth Brazilian merchant ship sunk by the Germans since the conflict began.
In negotiating the terms of joining ranks with the United States against Germany, Brazilian Ambassador Domicio Da Gama agreed to lend economic and political support to President Wilson in exchange for a U.S. agreement to protect Brazil if attacked by Germany and a promise not to apply any trade embargo on Brazil after the war. Brazil’s near monopoly on U.S. manganese consumption gave it important leverage, and the Wilson administration, through State Department counselor Frank Polk, agreed to give Brazil most-favored-nation status upon joining the war. Polk also assured Da Gama that the United States would provide assistance should any trouble with Germany arise. The special relationship between the United States and Brazil was reflected in the fact that Brazil became Wilson’s most important—and arguably only—allied in the region. Not only was Brazil the sole ardent supporter of Pan-Americanism, but despite Wilson’s attempts to make the European war a hemispheric concern, Brazil was the only South American country to join the United States in declaring war on Germany.

Two driving factors prompted Brazil to join the war: economics and its rivalry with Argentina. The conflict had a devastating effect on Brazil’s economy. The shortage of shipping capacity and the fall in demand for coffee—namely due to Great Britain’s embargo on coffee imports—isolated Brazil’s growing trade sector, making a wartime alliance with the United States an attractive if not necessary option. Plus, Brazil provided the United States with 80 percent of its manganese ore needs—an essential component of iron and steel production. So the alliance was desirable for both countries. Second, Brazil’s desire to upstage rival Argentina was no secret. The Wilson administration harbored suspicions that this rivalry was the principal motive behind Brazil’s decision to join the war. As a U.S. naval intelligence report asserted in 1918, “By her declaration of war against Germany, Brazil automatically acquired the United States as an ally and thus checkmated Argentina.”

Motivating factors aside, the Wilson administration was publicly appreciative of Brazil’s cooperation—seen as helpful in influencing other Latin countries’ perspectives toward the conflict. Wilson began a letter to the president of Brazil with the question, “May I not convey to Your Excellency on behalf of my Government the feeling of deep appreciation and admiration with which the recent action of the Brazilian Congress with regard to the present struggle for peace and liberty has been received in the United States?” And acting Secretary of State Frank Polk wrote to Brazilian ambassador Da Gama that Brazil’s “invaluable contribution to the cause of American solidarity . . . is highly appreciated by the United States.” The secretary of state even successfully lobbied the British Foreign Office to change its prohibition on coffee imports from Brazil.

The appreciation expressed by the Wilson administration, however, belied an overall ambivalence toward Brazil. Brazil’s support was valued,
but it was not a critical ingredient in the United States’ war strategy. Brazil never ended up sending fighting troops to Europe, instead contributing by providing food and the use of German ships seized in Brazil. The two countries’ war cooperation was also eclipsed by several instances of tension between the two governments due to economic disagreements. During most of 1917, Brazil’s Venceslau Brás Pereira Gomes administration (1914–1918) had lobbied the U.S. State Department for a guaranteed supply of U.S. coal—a commodity upon which the Brazilian economy was largely dependent and of which it faced shortages. The Wilson administration refused to give Brazil its desired commercial guarantees and had to delay or cancel several shipments, resulting in the ire of the Venceslau government and the temporary suspension of manganese exports to the United States as retaliation. Relations between Itamaraty and the U.S. Embassy in Rio became quite strained. Further, disputes over Brazil’s “valorization” of coffee flared several times starting in 1906 and continued through the 1920s. In order to minimize the effects of the volatile price of the commodity, the Brazilian government bought and stored surplus coffee, creating artificial scarcity and thus maintaining a constant price. While the goal of the valorization strategy was only to limit price fluctuations, it resulted in increased coffee prices and was for obvious reasons frowned upon by the U.S. government, being one of the world’s largest coffee consumers.

Especially once the valorization dispute was settled, Brazil was clearly not in the forefront of U.S. policy attention. However, this is not to say that Brazil was ignored by its increasingly powerful northern neighbor. In late 1917, the two governments began discussions to establish a U.S. naval mission in Brazil. The Brazilian government requested the mission in order to obtain needed technical assistance; it also represented a key opportunity to protect American industry and limit the role of Great Britain in Brazil. As U.S. Ambassador Morgan wrote, “A British naval mission [in Brazil] would . . . render it impossible for the Bethlehem Steel Company and similar American corporations to secure contracts for arsenals, dockyards and coast defense. . . . Our manufacturers of military materiel would be entirely shut out.” Morgan felt that if Brazil purchased submarines and other war material from European countries, U.S. foreign commerce would lose the upper hand. This danger, according to Ambassador Morgan, was “active and imminent.”

The State Department was initially unresponsive to the ambassador’s appeals for the mission—a source of great frustration for Morgan. He felt that the military missions were important opportunities both for profitable sales of U.S. military equipment as well as a way to develop a long-term strategic relationship with Brazil. The State Department’s apathy toward the mission was consistent with the fact that Brazil was not a strategic priority for Washington; it did not have a natural importance in World War I and
chose not to send troops. However, its economic significance to the United States was not forgotten and was pursued accordingly by lower-level bureaucrats. The mission was ultimately established in 1922 and served as an important base for cooperation during its eight years in operation. Robust trade in coal and manganese continued, and the United States provided Brazil with a $50 million loan in the summer of 1918 in order to support Brazil's industrialization process.

The years surrounding World War I also mark the beginnings of a growing power disparity between the two countries. As the only South American country that actually joined the war, Brazil was invited to participate in the Versailles Peace Conference—a distinction that Brazil believed would set it apart from the rest of Latin America. Yet it was relegated from a "great power" status to a "power with a special interest" by European countries—a distinction bringing both disappointment and embarrassment to the Brazilian foreign minister.16 Further, clumped with much smaller Latin American countries, such as Guatemala and Honduras, Brazil was not invited to the preliminary peace conferences.17 Representing a confirmation of sorts of the special relationship, Frank Polk of the State Department lobbied internally to increase Brazil's status, writing that as the greatest power in South America, Brazil was entitled "to a fair representation on account of its geographic position," an argument with which President Wilson agreed.18 However, while Wilson's actions convinced the Europeans to increase Brazil's allowed delegates from two to three, the "Big Four" countries (United States, Britain, France, and Italy) still dominated conference decisions. The mild yet notable interest in Brazil by the State Department and the executive branch were insufficient to overcome the constraints posed by the disparity of power between Brazil and the major war victors. Accordingly, while Brazil's participation in World War I piqued U.S. diplomatic interest, subsequent policy decisions on both the war and settling the peace were made by the Wilson administration with little consultation with the Brazilians.

World War I had also dramatically changed the economic relationship between the United States and Brazil. At the beginning of the war, the United States was a large consumer of Brazilian rubber and cacao; U.S. purchases comprised one-third of Brazil's exports. The relationship was unbalanced, however, as Brazil had a large trade surplus due largely to "Yankee thirst for Brazilian coffee and Brazilian predilection for European manufactured goods."19 By the end of the war, however, the relationship had taken full turn. Brazil's once-thriving trade relationship with Germany was nonexistent (prior to the war, Germany ranked second to the United States in its share of the Brazilian coffee trade), and Great Britain greatly decreased its exports to Brazil. The United States filled this void; by 1918, the United States supplied 47 percent of Brazil's imports (up from less than
Chapter 3

16 percent at the beginning of the war). The United States had gradually but surely begun to replace Europe as Brazil’s major trading partner.

Surprisingly, perhaps, this increase in Brazil’s economic significance to the United States did not correlate with an increase in U.S. policy attention toward Brazil. Brazil served as a helpful friend, but not a strategic partner in World War I. And high trade volumes were not enough to demand the sustained attention of the U.S. presidency. Further, in the aftermath of the war, the United States emerged with a great power status, creating an even wider gulf with less-powerful Brazil.

POSTWAR LACK OF INTEREST IN BRAZIL

The 1920s were marked by barriers of indifference and misunderstanding between the United States and Brazil. First, increased economic integration was accompanied, ironically perhaps, by an abandonment of Pan-Americanism. After Wilson left office in 1921, the Republicans’ policy of “independent internationalism” or “isolationism” (depending on one’s perspective) discontinued the goal of regional collective security and integration. And with both the Brazilian and U.S. economies experiencing economic crises in 1920 due to the sudden collapse of the postwar boom, free trade and international cooperation were far from policy priorities.

Second, neither President Harding’s nor President Coolidge’s secretaries of state (Charles Hughes and Frank Kellogg, respectively) had any real interest in Latin America and shared a relatively low opinion of the region.21 Government memos showed an ignorance of Brazil, and any interest in Latin America focused on Mexico and the Caribbean as opposed to South America.22 One cause, perhaps, of this disinterest was that in the post-World War I era, the United States expected and assumed Brazil’s consistent policy support on international issues. Henry Fletcher, a senior State Department official, wrote in 1927 that “Brazil can usually be counted upon to support us,” in effect justifying a policy of inertia and even neglect.23 This neglect by the State Department was evident in how it prioritized the posting of foreign service officers. “In those remote days,” wrote Sumner Welles, “assignment to Latin-American posts was usually reserved for those who required disciplinary action, or for those who had proved themselves misfits or incapable.”24

Thus, broadly speaking, the 1920s was a period of indifference in terms of U.S. policy toward Brazil. Overt conflicts were absent, and tensions were relatively low, but whatever sense of solidarity that had been experienced during World War I had dissipated with the change in presidential administrations. A trade agreement was signed between the two countries in October 1923 which extended additional tariff concessions on both sides.
But the final agreement was a watered-down version of initial plans and represented a policy disappointment for those advocating closer ties with Brazil. Ambassador Edwin Morgan, for example, had pushed for a more formal trade agreement with Brazil involving most-favored-nation status and the international equality of commercial treatment. Nothing close to this level of commitment was obtained.

The overall sense of ambivalence between the two countries continued after the Coolidge administration. The landslide victory of Herbert Hoover in 1928 was met in Brazil with lukewarm feelings due in part to Hoover’s previous critique of Brazil’s coffee policy in 1925 when he held the post of commerce secretary. A goodwill trip to Brazil prior to his inauguration in December 1928 was paid a great deal of attention by the press, but it did not result in any substantive policy decisions. Further, the visit came at the onset of drastically new eras in both countries—right before the Great Depression in the United States and at the end of Brazil’s Old Republic. The president-elect’s visit was therefore eclipsed by the profound changes that subsequently took place in each country.

**BRAZIL’S COUP**

After completing peaceful (but fraudulent) elections in March 1930, it certainly appeared that Brazil’s Old Republic and the rule of the traditional rural oligarchy was in relatively good health. Brazilian President-elect Júlio Prestes visited the United States in June 1930 and received glowing reviews from policy makers in Washington. John Barrett of the Pan-American Union called him the “Theodore Roosevelt of present-day Latin America,” and President Hoover declared that Prestes’s visit was “but another evidence of that sincere and uninterrupted friendship which has always linked our countries together so that it can truly be described as traditional.” The rhetoric certainly indicated that after a decade of indifference, warmer feelings might be returning between the two countries.

However, on October 3, 1930, rebel forces mobilized in Rio de Janeiro and demanded the resignation of incumbent President Washington Luís (1926–1930) and the installation in power of Governor Getúlio Vargas, an event that was to have a dramatic impact on relations with the United States. The principal roots of the coup were twofold. First, the Great Depression had a severe impact on the Brazilian economy as the price of coffee and other primary products plunged. This left the patronage-based government of Washington Luís extremely vulnerable, and opened the door for Vargas to exploit demands for regime change. Second, the assassination of João Pessoa, an opposition leader and one-time vice presidential candidate, catalyzed the opposition into rebellion. The onset of the coup caught the
United States completely off guard. Ambassador Edwin Morgan—who had held the post of ambassador to Brazil since 1912 and was widely respected in both countries for his experience and knowledge of the region—was in France at the time. Brazil had just completed its democratic elections in March 1930, and Ambassador Morgan had told Washington that while the political situation was still delicate, there was no reason to believe "that the peace of the country will be seriously disturbed or that the President of the Republic will lose control."27

The Hoover administration was equally surprised when the rebels successfully took over the country, handing power over to Vargas on November 4. Secretary of State Stimson believed that federal authorities had the upper hand and that Vargas’s rebels represented simply another disenfranchised minority which had conducted failed rebellions throughout the 1920s.28 Accordingly, the U.S. stance during the conflict was extremely cautious. Similar to its policy during the 1893 naval revolt, the United States wanted to maintain neutrality and not get involved.29 The embassy’s principal goal was to protect U.S. citizens and property, and thus it requested that American naval vessels be sent to Brazil for protection. Hoping to stay as far from the conflict as possible, this request was rejected by Secretary of State Stimson. But the United States did send one American gunboat—the U.S.S. Pensacola—to hold standby watch off the shores of Northeast Brazil.30

U.S. policy throughout the conflict was to maintain complete neutrality; however, its actions served to bolster the incumbent Luís government. The Hoover administration publicly condemned Vargas’s attempt to change the government through violent means; Secretary Stimson reiterated this position when stating that the United States viewed the conflict "with the distress and regret that a country like ours, which believes in the ballot and peaceful methods for change of government, would look upon a change based upon violence. . . . Under those circumstances . . . it was the duty as well as the policy of this country to continue its good relations with the existing government, and we have done so."31 The United States also refused to grant Vargas and his supporters belligerent status, which would have legitimized the rebellion. And at the request of the Brazilian government, the Hoover administration placed an embargo on the sale of arms to Brazil’s revolutionists. Secretary of State Stimson made it very clear in a press release that this decision was not meant to favor the existing government but was rather a way to follow international norms. He wrote that the United States was in "friendly relations through diplomatic channels with a government which has been recognized as the legitimate government of a country. . . . We have no personal bias and are doing nothing but attempting to carry out the law of mankind."32 However, as with the 1893 revolt, in carrying out the precedent of international law, the Hoover administration gave de facto support to the existing government.
This de facto support was insufficient to save the Luis administration. After the successful coup in which the United States tacitly backed the losing contender, the Hoover administration formally recognized the new government with hesitancy. It did so following Great Britain’s expedient recognition as well as the acknowledgment by Ambassador Morgan that the new Vargas regime controlled the country and was supported by the majority of Brazilians.

FROM NICETIES TO AMBIVALENCE

In sum, the United States’ emergence as a world power after the Spanish-American War in 1898 was undeniable by the end of World War I. The concept of equal partners that had permeated the Rio Branco–Nabuco–Root era was definitively over by the end of Brazil’s Old Republic in 1930 as the United States forged ahead to greater economic wealth and military strength. It therefore became increasingly difficult for Brazilian policy makers to interpret U.S. policies as coming from an equal, an outlook that contributed to future policy disagreements. A policy as threatening as the Monroe Doctrine, for example, was welcomed by Brazil in the early 1900s. This was not so in subsequent decades as Brazil adopted ever more defensive postures toward the United States. The flipside to this growing disparity in power was the sense that the United States took Brazil’s support for granted. The Wilson administration was extremely appreciative of Brazil’s support in World War I, for example, as well as for the Pan-American Pact. Yet several administrations during the 1920s were reluctant to give Brazil any sort of special treatment. Further, the assumption that Brazil was a constantly reliable—if not automatic—ally was held by policy makers. Secretary of State Stimson even wrote that the State Department believed Brazil was “in its pocket.”

The first several decades of the twentieth century also reveal the importance that individuals play in the overall bilateral relationship. The ebbs and flows in the strength of the U.S.-Brazil relationship were correlated with the degree of interest and engagement displayed by policy makers. There was no particular affinity between U.S. and Brazilian leaders during Brazil’s Old Republic, for example. None of Brazil’s five presidents between 1914 and 1930 had particularly close relations with any of their U.S. counterparts. Accordingly, there were no personal champions for closer ties. This drastically changed with the continuity in leadership of both Roosevelt and Vargas and their personal interest in each other. While the dip in the relationship during the 1920s was largely driven by their different foreign policy goals and by ongoing changes in the United States’ and Brazil’s relative power status, the personalities in power and their lack of any personal engagement also contributed to this cooling trend.
In full, bilateral engagement dramatically declined beginning in the World War I era in part because the powerful presence of Rio Branco was gone; the decline was also a result of the fact that Brazil was not strong enough to serve as a strategic U.S. partner in the war. Significantly, it was the only South American country to join the United States in declaring war against Germany, but it did not send troops or serve as a critical ally. Brazil did not share to a similar extent the United States’ goals in World War I. It was during this time that Washington began to take Brazil’s support for granted, while operating on the assumption that as part of the United States’ backyard, Brazil was not threatening and therefore did not require high-level attention. In other words, the decline in engagement was driven by the reality that Brazil was neither the cause of the global concern nor a key ally of the United States in the war.

NOTES

10. FRUS, 1917, supp. 1, 296.
11. FRUS, 1917, supp. 1, 300.
12. While Brazil originally requested this supplication as a requirement for its participation in the war, the Brazilian government had already declared war by the time the U.S. request was made.
13. “Morgan to Lansing,” 13 November 1917, Department of State Records, NA, RG 59, 832.34/121.
17. Papers Relating to the Foreign Relations of the United States, 223.
22. See Memorandum by Division of Latin American Affairs, 22 August 1922, National Archives, RG 59, DF 1910–1929, 832.00/255; Political Reports—Morgan to Kellogg, 12 March 1928, RG 59, 832.00; and Morgan to Hugues, 22 February 1923, RG 59, 832.00/268.
23. Fletcher to Kellogg, 16 August 1927, RG 59, Havana Conference, Entry 144, Box 425.
27. Morgan to Stimson, 8 April 1930, NA, RG 59, 832.00/654, File 3290.
29. This is in stark contrast, as we shall see, to its policy toward Brazil during the Cold War and the absence of any hesitancy of becoming overly involved in Brazil’s internal affairs.
30. FRUS, 1930, 1:439.
31. Smith, Unequal Giants, 197.
32. FRUS, 1930, 443.
By the end of the Republican administrations of the 1920s, U.S. foreign policy toward Latin America had taken another turn. The relative isolationism during this decade coupled with the episodic U.S. interventions in countries such as Nicaragua and Haiti were replaced by a focus on increased international cooperation and trade. In his inaugural speech on March 4, 1933, President Franklin D. Roosevelt stated, “In the field of world policy I would dedicate this nation to the policy of the good neighbor—the neighbor who resolutely respects himself and, because he does so, respects the rights of others.” The good neighbor exhibited self-restraint and nonintervention in the internal affairs of others, renouncing “any right to interfere in each other’s domestic affairs, recognizing that free and independent nations must shape their own destinies and find their own ways of life.” The “Good Neighbor” policy thus became the international counterpart of the New Deal and embodied Roosevelt’s policy toward Latin America. Roosevelt’s overall focus on regional cooperation was reinforced by the concomitant leadership of Getúlio Vargas (1930–1945) which brought an alignment of U.S. and Brazilian foreign policy goals similar to that found at the turn of the twentieth century. Vargas reinstated the pro-U.S. policies of Rio Branco, while the Roosevelt administration recognized the strategic and economic importance of Brazil and acted accordingly.

THE ESTADO NOVO AND VARGAS’S DICTATORSHIP

Vargas surprised the world and shook up relations with the United States when on November 10, 1937, he eliminated the Congress, dissolved the
three-year-old constitution, and established his “Estado Novo.” The charter
outlying this new state called for centralized power in the executive branch,
lengthened the presidential tenure from four to six years, and gave the ex-
ecutive the power to rule by decree. Vargas’s proclamation of a dictatorship
left the constitutional government effectively collapsed.

The coup was widely reported by the U.S. press, with major national
newspapers calling Vargas’s rule a “virtual dictatorship” and detailing his
suspension of constitutional guarantees and the elimination of parliament
and state and city legislatures.² While Vargas assured Washington that his
new regime had absolutely no connections to Rome, Berlin, or Tokyo, the
Roosevelt administration was obviously concerned. Ambassador Jefferson
Caffery, who began his Brazil post in August 1937, wrote that he was skep-
tical about the new constitution’s supposed preservation of democratic
institutions.³ At the same time, however, the first seven years of the Vargas
administration had facilitated a rapprochement of sorts between Brazil and
the United States, and the Roosevelt administration was loathe to disrupt
it. Secretary of State Cordell Hull wrote that U.S. relations with Vargas
“have been so particularly close and friendly during these recent years that
I, of course, cannot assume that those relations will be in any way affected
by the recent change in government. I should like, of course, to have reas-
surances on this point.”⁴ Undersecretary Welles concurred, reiterating the
United States’ strong friendship with Brazil and emphasizing that the coup
was purely a domestic and internal matter. He went as far as to criticize the
American press for its lack of tolerance or sympathy for Brazil’s political
crisis.⁵

It is safe to say that while the Roosevelt administration was engaged with
Brazil, it adopted a hands-off approach with regard to what it determined
to be Brazil’s domestic affairs. This restraint that continued throughout the
war period contributed to a certain degree of trust of Washington on behalf
of Brazilian authorities. General Góes Monteiro was convinced by 1944
that a full alignment with the United States was in Brazil’s best interest, and
that the United States had eliminated forever its “imperialist tendencies”
and would “not take a single step that might seem to be intervention in the
internal affairs of the nations of this hemisphere.”⁶ Ironically, perhaps, it
was the Great Depression and the emergence of Vargas’s New Republic that
jolted Brazil and the United States out of the indifference of the 1920s and
paved the way for improved bilateral relations.

Economic opportunity certainly drove much of the U.S. interest in main-
taining cordial relations with Vargas. Access to the Brazilian market was a
priority for the U.S. government, especially in light of Germany’s aggressive
quest for South American raw materials starting in the mid-1930s, and
the fact that U.S. private companies were not willing to invest in Brazilian
steel. The Roosevelt administration saw military aid as a way to stem an in-
creasing German influence and guarantee this market access for the United States. Ambassador Caffery wrote to Secretary Hull on July 16, 1940, that if

the Brazilian military authorities cannot purchase arms on credit in the United States they will purchase them on long-term credit or accept them as gifts from the Germans. This will eventually be followed by German dominance in the Army and elsewhere, of course. . . . If the Germans furnish the arms and finance the steel project . . . it is idle for us to hope to maintain our present position in Brazil.7

In contrast to Ambassador Morgan’s experience in urging heightened engagement with Brazil almost two decades before, Caffery’s suggestion was quickly heeded, reflected in part by the March 1940 agreement to extend a $25 million loan to finance Brazil’s Volta Redonda steel mill. Financing was extended and increased over the next sixteen years; as the mill expanded and developed, it played a crucial role in Brazil’s industrial revolution.

At face value, this financial and diplomatic support of Brazil’s military regime went against U.S. foreign policy goals of democracy strengthening. President Vargas’s status as a U.S. ally and friend was even further solidified during the bilateral alliance in World War II. However, U.S. support of Vargas was not inconsistent with its push for democracy. Policy makers in Washington truly believed that Vargas was Brazil’s best option for eventual return to democratic rule. Thus it was not until after World War II that the Truman administration began to take a stronger stance against Vargas and push for political liberalization in Brazil.

WORLD WAR II AND THE STRONG WARTIME ALLIANCE

After World War I, Washington had departed from its interventionist stance toward Latin America that had included the acquisition of Cuba and Puerto Rico, the “taking” of Panama in 1903, and the twenty-two-year intermittent occupation of Nicaragua beginning in 1911. And while the Harding, Coolidge, and Hoover administrations moved away from using force to resolve conflicts, it was President Roosevelt and his Good Neighbor policy that solidified this new stance.

Roosevelt’s Good Neighbor policy established him, in the Latin perspective, as a ciudadano continental—a citizen of the entire continent who had earned the respect and even adoration of Latin Americans.8 It was this reverence for the U.S. president which constituted one of the principal reasons for the warm relations between the United States and the rest of the region during the war period. Roosevelt became the first U.S. president to visit South America while still in office when he inaugurated the Pan-American peace conference in December 1936. And according to historian Fredrick
Pike, Franklin Roosevelt was "a gringo in the Latin mold, a man they could understand and empathize with as a projection of their own political and social style." During their long tenures together, presidents Vargas and Roosevelt developed a particularly strong friendship—a fact that reinforced the closeness between their two countries. Vargas and Roosevelt met twice in 1936 and 1943, wrote often, and respected and liked each other. They were able to converse in French without interpreters, and it is documented that Vargas even left his son’s deathbed in 1943 to speak with Roosevelt.

After the Yalta Conference in February 1945, Roosevelt also promised Vargas a permanent seat for Brazil on the yet-to-be formed United Nations Security Council.

PREWAR COOPERATION

Yet it was World War II that cemented the leaders’ bond and ultimately brought Brazil and the United States even closer together. Brazil took on heightened importance for the United States for various reasons. First and foremost, the 1,800-mile distance between Africa and the “Brazilian bulge” of Brazil’s northeast was seen as the most practical and probable route of any Axis invasion. While this type of European aggression may seem improbable in hindsight, in mid-1940 the fear of a Nazi push through Africa and across the South Atlantic Ocean to Brazil was a genuine concern, especially if Great Britain were defeated. And with no land defenses, Brazil was incredibly vulnerable to any large-scale invasion or air attack. Allied presence in Northeast Brazil was also critical to the United States in order to bolster meager U.S. defenses in the Caribbean as well as the rest of South America. Finally, the U.S. Army feared that Fascist movements in Europe would inspire Latin American revolutionary movements. This prospect constituted the gravest threat to the hemisphere at this time. Accordingly, the protection of the Brazilian northeast became the keystone of U.S. policy to protect the Western Hemisphere, and initial talks with Brazil which began in 1939 developed into a robust military partnership.

Brazil also had a strong stake in securing an alliance with the United States. One principal incentive was the collapse of its booming trade relationship with Europe. Due to the British blockade, Brazil’s previously robust trade with Germany dwindled to almost nothing by the onset of the war. As the war progressed, the United States increasingly looked like Brazil’s best suitor for an economic partner. Vargas also saw the war as an opportunity to improve Brazil’s defense equipment and infrastructure while placing Brazil on the world stage. As the prospect of a global war grew, the United States looked to be the best source for training and equipping Brazil’s armed forces.
Even before Brazil declared war on any Axis power, concrete cooperation with the United States had taken place. Brazil produced many of the goods controlled by Axis powers, including rubber, iron, quartz, and cotton. Brazil provided large quantities of these commodities to the United States at fixed prices and in February 1942 agreed to provide 100 percent of its strategic materials to the United States at noncompetitive prices. In May 1942, a secret treaty allowed the United States to construct and man military bases in Brazil's northeast and establish two military joint commissions to oversee operations. Thus began close ties between the two militaries—a tradition that has proved constant, even amid tense bilateral relations.

All told, Brazil received a badly needed boost to its military, and the United States was able to secure strategic territory.

Some of the impetus behind this military cooperation was the triangulation between the United States, Brazil, and Argentina. The long-running row between Brazil and Argentina was a critical driver of the U.S.-Brazil relationship beginning as early as World War I. Argentina and Brazil competed for a more influential position in Latin America, and Brazil found a willing partner in the United States in helping to limit Argentina's influence in the region. For its part, the U.S.-Argentina relationship had been marked by trade and political tensions beginning in the late 1930s. Argentina had worked actively in several Pan-American Conferences to limit the role of the United States in Latin America; and as both countries were largely agriculturally based, trade relations were dominated by frictions. Hence the United States was a natural partner for Brazil to boost its own regional prestige and power while limiting that of Argentina.

This is not to say, however, that Vargas was a loyal ally of Washington from the get-go. The level of prewar cooperation between Brazil and the United States belies the maneuvering of the Vargas regime between Allied and Axis powers. Instead of a principled supporter of democracy and freedom, Vargas was a savvy operator, constantly weighing the costs and benefits of cooperation with the Allied powers. In the early stages of the war, Foreign Minister Aranha told Ambassador Caffery that “if the United States cannot find means to assist Brazil in acquiring armament, necessarily the Brazilian military authorities will turn toward Germany and acquire armaments there.” Vargas even went so far as to ban international Jewish emigrants and was responsive to German overtures for trade cooperation. In an interview with the German ambassador in July 1940, Vargas expressed his desire to reach the most rapid conclusion possible of an economic cooperation arrangement with Germany. Because a pro-Axis stance would be domestically feasible for Brazil—strong pro-Nazi elements thrived within Brazil, and there was certainly no love lost for the British—Roosevelt decided not to call Vargas's bluff. Brazil was subsequently assured by the Roosevelt administration that Brazil could procure the necessary equipment from the
United States. As historian McCann writes, “Brazil chose the Allied cause, even as it worked to obtain the greatest benefits from both sides.”

Vargas also attempted to extract as much economically from the two war camps. Germany tried to salvage its prewar trade position by promising a trade agreement with Brazil, guaranteeing the German purchase of Brazilian products once the war ended. Vargas was intrigued by the offer and worked to develop German goodwill. Vargas told the German ambassador that he “very much regretted the deterioration in economic relations with Germany, which had been caused by the war and in the continuation of which he saw Brazil’s salvation.” He went on to suggest the two countries start negotiations for trade agreements and expressed “personal sympathy for the authoritarian states.” Vargas’s goal for his country was political autonomy and economic independence; the optimal strategy for these end goals was to work with multiple players. However, after the United States declared war on Germany in December 1941, the possibility of a thriving Germany-Brazil trade relationship was gone, leaving just Great Britain and the United States as viable suitors for the Brazilian market. Hence, only when Vargas was left with no other choice did he side wholeheartedly with the Americans. In full, Vargas took shrewd advantage of the German-U.S. conflict in order to extract aid from both countries. Vargas was a master at realpolitik, making commercial alliances with Berlin while assuring Washington that its relations with the Axis power were anything but friendly.

Brazil, accordingly, was hardly the passive recipient of U.S. imperialism as many historians argue, but rather an astute negotiator of military and economic assistance.

It is important to note that U.S. foreign policy prioritized Brazil during this time. The army’s most pressing concern in 1939 was establishing air and naval bases in Northeast Brazil. The army sent Lieutenant Colonel Lehman W. Miller to serve as chief of the military mission in Brazil, and he was promoted to general officer rank to increase the prestige and highlight the importance of Brazil. The Roosevelt administration also displayed a surprisingly high level of respect and patience in dealing with Brazil during the prewar period. For example, even though the U.S. Army and Navy knew well before the war started in Europe that establishing U.S. bases in Northeast Brazil was needed to supply British forces, they spent almost three years in sensitive negotiations with Brazil to secure these bases. The Brazilian military was hesitant to allow the stationing of U.S. soldiers on Brazilian soil, and Washington knew it was not in a position to use force and thus responded with the requisite patience. The negotiations paid off—the Natal base quickly became the hub of Allied air traffic, was the largest U.S. air base outside U.S. territory, and was referred to as the “trampoline to victory.”
U.S. presence in Brazil became even more imperative after Pearl Harbor, and the U.S. Navy, under Vice Admiral Jonas H. Ingram, began operating in Brazilian waters in late December 1941. Vargas grew to respect and rely upon Ingram as a secret naval advisor. He referred to Ingram as his “Sea Lord,” opened up all Brazilian ports and airfields to the U.S. Navy, and proceeded to give Ingram operational control over Brazil’s coastal defense forces.21

BRAZIL JOINS THE WAR AND ECONOMIC BENEFITS ACCRUE

Brazil formally declared war on Germany and Italy on August 22, 1942, after ten Axis submarines sank five Brazilian vessels off its northeast coast. The U-boat blitz against Brazil was directly ordered by Adolf Hitler who believed that Brazil’s close collaboration with the United States placed it in a de facto state of war. The attacks, while successful, created another German enemy. While Brazil’s formal declaration of war did not change any substance in the bilateral relationship with the United States, U.S.-Brazilian cooperation became more overt, and Brazil asked for faster delivery of lend-lease supplies so it could take a larger role in the war effort. The Roosevelt administration eagerly met these requests. Stanley Hilton succinctly describes the general nature of U.S.-Brazil relations during the war era as one in which “Washington, eager to secure Brazil’s cooperation in hemispheric defense, cultivated the latter’s goodwill with a variety of services.”22

Indeed, Brazil’s support during the war did not go unrewarded by the United States. In order to support Brazil’s war mobilization as well as its economic development, the State Department sent its first technical aid mission to Brazil in 1942, led by New Deal administrator Morris Cooke. Referred to as the Cooke Mission, the group advised on a wide range of development issues including industrialization, electrification, education, and trade. Part of the justification for the mission was outlined in a 1942 State Department report which described the critical condition of shipping to and from Latin American countries, stating that it was “imperative that some solution be found to alleviate the difficulties surrounding the receipt of vital supplies in those countries. Of the two countries best suited to increased industrialization, Argentina and Brazil, the former, for obvious reasons, does not present possibilities as attractive as those of the latter.”23

Indeed, Argentina’s authoritarian regime and proclaimed neutrality at the outbreak of the war placed it squarely against the United States. The Roosevelt administration even exhibited a certain contempt for Argentina. According to historian Fredrick Pike, Cordell Hull “detested [Argentine statesmen] for what he saw as their efforts to lead Latin America away from all
that he held dear: U.S.-style democracy, free-enterprise capitalism, and free trade.\textsuperscript{24} The United States needed a reliable, industrialized regional partner in its war effort. Brazil was the undisputed candidate.

The United States also began a formal bilateral assistance relationship with Brazil in 1942, named the Institute for Inter-American Affairs (IIAA), which was formed in response to recommendations from the Cooke mission. Headed by Nelson Rockefeller, the IIAA supported programs in public health, food production, and minerals exploration. Other examples of U.S. aid abound, including an additional $45 million Export-Import Bank loan to support the Volta Redonda steel mill, the financing of thirteen thousand tons of rail, and technical assistance to improve rural health services and farming techniques.

Vargas knew where his bread was buttered. Undersecretary of State Welles, while in Rio during the summer of 1942, wrote to the secretary of state and the president telling them how

Vargas called together his Cabinet and his highest military and naval authorities and told them that he had reached the decision that, both from the standpoint of the highest interests of Brazil . . . Brazil must stand or fall with the United States. He stated that any member of the Government who was in disagreement with this policy was at liberty to resign his position.\textsuperscript{25}

It was painfully clear now that Vargas’s irresolute support at the onset of the war had been replaced by an unwavering commitment to the United States.

This commitment to the war effort only increased as the war progressed. In January 1943, Minister of External Relations Oswaldo Aranha advised Vargas that Brazil’s historical policy of supporting the United States in the international arena in exchange for its support in South America should be continued “until the victory of American arms in the war and until the victory and consolidation of American ideals in the peace.” Aranha strongly believed that the United States would lead the postwar international system and that it would be a huge mistake for Brazil not to be at its side. The best way to ride the U.S. coattails, according to Aranha, was to increase Brazil’s involvement in the war. Vargas heeded Aranha’s advice and committed twenty-five thousand ground forces—the Força Expedicionária Brasileira (FEB)—to the Italian theater between September 1944 and May 1945. Brazil was the only Latin American country to send troops to fight along with U.S. soldiers.

As a consequence of this effort, Brazil received the vast majority of ground and air equipment distributed by the United States to Latin America during the war.\textsuperscript{26} By the end of the war, the value of materiel provided to Brazil under the lend-lease agreement totaled approximately $230 million—over double the amount provided to any other Latin American na-
And the total value of all assistance to Brazil during and after the war reached $347 million, almost 75 percent of the total amount given to all of Latin America. This trend continued after the war ended. Washington sent excess military equipment to Brazil following the war at a minimal cost and provided military and economic aid through the subsequent Mutual Defense Assistance program. In addition to providing material resources, Washington also provided nonmaterial attention. As one example, President Roosevelt stopped in Brazil in January 1943 on his way home from a summit in Casablanca with British Prime Minister Winston Churchill. His meeting with Vargas highlighted ongoing U.S.-Brazil cooperation and certainly enhanced Brazil’s prestige as a partner of the United States. All told, having provided strategic raw materials, military bases, and twenty-five thousand soldiers, Brazil emerged from the war with 70 percent of all U.S. lend-lease equipment sent to Latin America, a modernized military, a significant boost to its industrialization process, and a greater role on the world stage. Indeed, World War II represented the apogee of U.S.-Brazil cooperation and partnership, the peak of the special relationship.

In September 1944, Ambassador Caffery left his post in Rio after seven years of distinguished service. President Roosevelt tapped Adolf Berle as his successor, writing to Berle, “You know fully the great importance of that post at this particular time. ... I have come to the conclusion that I need your ability and experience in order to insure ... the whole hemispheric policy against the insidious influences of which you are aware.” Berle was a staunch believer in the importance of Brazil to the United States, writing to Truman shortly after Roosevelt’s death that, “Twenty-five years from now, American relations with Brazil will determine our position in the hemisphere.” Notably, the departure of Caffery saw no shift in the prioritization of Brazil. Instead, still in the midst of the war, having a qualified representative in Rio de Janeiro was crucial to Roosevelt.

Separately, the Roosevelt administration made a concerted effort during the 1930s and 1940s to foster trade ties with Brazil, which some historians claim made Brazil a “subservient, very nearly a dependency, to the United States.” However, consistent with previous U.S. presidential administrations, Roosevelt aimed neither to establish military or economic control over Brazil, nor to stifle its growth or development. While an economic and power asymmetry certainly resulted after the war, this end state was far from a policy goal of Washington. Quite the opposite, Roosevelt hoped to transform Brazil into a self-sufficient partner and the leader of South America. Washington’s keenness to secure Brazilian cooperation in hemispheric defense prompted it to offer material support and services, yet it maintained a conscientious regard for both Vargas’s policy decisions as well as Brazilian sovereignty.
CONTINUITY AND CLOSENESS

U.S.–Latin American relations during the 1930s and 1940s were marked by significant U.S. policy attention as well as unprecedented continuity. This policy continuity reflected a certain stability in the composition of U.S. foreign policy makers. Secretary of State Cordell Hull was in office from 1933 to 1944, with Undersecretary of State Sumner Welles serving from 1937 to 1943. Further, they were both engaged with Brazil and shared personal friendships with their Brazilian counterparts. Welles and Oswaldo Aranha, the Brazilian ambassador to the United States and then foreign minister and close Vargas advisor, had a particularly close relationship. Aranha wrote that Sumner Welles was an “intransigent partisan” of closer Brazilian-American relations.32 And, as the initiator of Brazil’s decision to draw away from Europe and throw Brazil’s lot in with the United States, Aranha was fully behind Welles’ push for stronger ties between the two countries.33 Distinct to this era, Welles recognized Brazil’s influence in the region and consulted with the Brazilians before making any hemispheric policy decisions. Examples of this consultation abound before and during World War II.

A trade agreement signed between the two countries well before the war began—in February 1935—illustrates the crucial role individual actors played in the bilateral relationship during this era. The agreement outlined significant mutual tariff concessions covering agricultural, mineral, and manufactured products, and was proclaimed by Secretary Hull to be a model for similar agreements with other countries.34 Ambassador Aranha was crucial to the successful completion of the agreement through urging Vargas to drop his prior overtures for economic cooperation with Germany. Aranha even sympathized with the United States, privately expressing the frustration of bargaining “with Itamaraty more than with the Department of State.”35 The Brazilian Congress ultimately took seven months to sign the agreement, feeling that Brazil had more to lose than gain from freer trade with the United States (the vast majority of Brazilian goods already entered the U.S. market tariff free). These bureaucratic roadblocks, hurdled by the determination of individual policy makers, reinforce the importance of individuals such as Aranha in promoting stronger political and economic ties between the two countries.36

While the continuity and closeness of individual policy makers strengthened the bond between Washington, D.C., and Rio de Janeiro during the World War II era, the two governments’ shared foreign policy priorities drove the unprecedented cooperation between the two governments. Brazil was the lynchpin in protecting the entire Western Hemisphere from a Nazi attack, and the United States was the only country strong enough to bolster Brazil’s military as well as international standing. Interestingly, this engagement occurred in spite of the two countries’ relative power gap and
differing foreign policy traditions. Rather than an intrinsic ally of Roosevelt, Vargas was a pragmatic leader who threw his country's weight behind the predicted victor in the war. The two countries' war goals were vastly different. Vargas cared much more about securing military aid than he did about eliminating the Nazi threat. However, albeit for different reasons, both countries prioritized bilateral cooperation during the war. This overlap of foreign policy priorities paved the way for years of patient negotiation and fruitful cooperation between the two countries.

NOTES

7. FRUS, 1940, 5:50.
9. Pike, FDR's Good Neighbor Policy, 137.
13. For more, see FRUS, 1942, 5:662.
17. "Auswärtiges Amt. (Ritter) to Prüfer," Documents on German Foreign Policy, 1918–1945 (U.S. Department of State, 27 June 1940).
20. McCann, “Brazil and World War II: The Forgotten Ally,”
25. FRUS, 1942, 633.
26. The United States also provided the majority of the Brazilian army’s uniforms which led many Brazilians to allegedly complain that the only thing Brazilian in the Independence Day parades was the Brazilian flag. See Ross Baker, A Study of Military Status and Status Deprivation in Three Latin American Armies (Washington, DC: Center for Research in Social Systems, 1967).
33. See “Gibson to Roosevelt,” 4 September 1934, Roosevelt Papers, Official File 405.
35. Stanley Hilton, Brazil and the Great Powers, 78.
36. It is worth noting that shortly after signing this trade agreement with the United States, Vargas proceeded to sign a similar agreement with Germany. As we will see, this reflected not only the broad international aim of accessing Brazil’s market and resources, but also Vargas’s ability to concomitantly ally with both the United States and Germany.
The Postwar Era: Drop in Policy Attention

While the Roosevelt administration embodied harmonious relations between the United States and Latin America, FDR’s death in April 1945 did not signify an automatic shift from these principles. In fact, the United States’ rapid demobilization after the war was proof to Latin America that the Truman administration remained committed to the noninterventionist ideals of the Good Neighbor policy. Latin Americans were also encouraged by President Truman’s first policy statements in which he reiterated his commitment to “serve and not to dominate the peoples of the world,” while eschewing the pursuit of “one inch of territory.”

However, when it came to maintaining a unique and preferential relationship with Brazil, there was definitely a new game in town. In spite of Washington’s pledges never to forget Brazil’s solidarity during the war, from the Brazilian perspective it certainly seemed that the American memory was quite weak. First, the individuals responsible for an engaged Brazil policy were no longer in office toward the end of and after the war. Sumner Welles resigned in 1943 followed by Cordell Hull the following year, and Jefferson Caffery was reassigned to France in 1945. Adolf Berle, his successor, only lasted until 1946. Nelson Rockefeller—head of the Office of Inter-American Affairs from 1940 to 1944, and then assistant secretary of state for Latin America from 1944 to 1945—was dismissed by President Truman shortly thereafter. Lastly, Roosevelt’s death destroyed the most important link to the country. These gentlemen’s successors, including President Truman, Secretary of State Edward Stettinius Jr. followed by James Byrnes then George Marshall, Undersecretary Dean Acheson, and Director of Policy and Planning George Kennan, did not express even a fraction of the prior interest in Brazil. Second—and more important for the fate of bilateral relations—the
close relationship between the two countries was based on wartime demands, mutual needs, and a common enemy embodied by the Nazi threat. This structural bond began to unravel when World War II ended and the strategic alliance was no longer needed by either country.

It is in this immediate postwar period that frustrations and misunderstandings began to characterize bilateral relations. Historians often note that the United States alienated and disregarded Brazil after World War II in order to focus on Europe and Asia. The U.S. commitment to industrialize and spur Brazil’s development waned, and the Cooke report did little more than collect dust. The Truman administration also became reluctant to pursue country-by-country policies toward Latin America, preferring to treat the region as one bloc. Brazil, on its part, expected rewards for its support of the war effort and felt slighted by not being included as a beneficiary of Marshall Plan funds. Frustrated attempts by Brazil to obtain material rewards for its wartime assistance dominated bilateral exchanges for the next several years, while the United States relied increasingly on technical assistance as opposed to concrete financial aid. While the presidency of Enrico Dutra (1946–1951) continued to align Brazil’s foreign policy with that of the United States, any special, patron-client relationship was on hold.

When the United States’ enemy changed from the Nazis to the Soviets after the Second World War, its parameters of national security also shifted. Whereas Brazil was a potential invasion route by the Axis countries in World War II, it was on the periphery of the Cold War. John Foster Dulles wrote in Life as early as June 1946 that Latin America represented the “outer zone” of Soviet penetration.3 The Russians had neither an atomic bomb nor long-range missile capacity and had an inefficient navy. From the U.S. point of view, Latin America was safe.4 Reflecting this belief that Latin America was no longer directly threatened by enemy aggression, President Truman stopped any lend-lease transfers, except for “pipeline” orders, in July 1945. Tellingly, the Mutual Defense Assistance Act of 1949—a foreign military assistance program allowing for the expenditure of $1.3 billion—did not provide any resources to Latin America.

THE BRAZILIAN COUP OF 1945

At the same time that the United States began to shift attention away from Latin America at the end of the war, it also began to alter its passive “live and let live” strategy regarding relations with less-than-democratic governments in Latin America. Instead, the State Department began to broaden the Good Neighbor policy to include a more active policy of snubbing dictators and closed regimes. The establishment of democracy became by far the largest priority for the United States’ policy in the Western Hemisphere.
Accordingly, starting in 1943, Roosevelt made it clear to Vargas that the Estado Novo must liberalize if he wanted Brazil to play a leading role in the international community after the war. In a memo to U.S. embassies, Assistant Secretary of State Adolf Berle made it clear that the U.S. government would offer a “warmer friendship for those governments which rest upon the periodically and freely expressed consent of the governed.”

When Berle became ambassador to Brazil in 1945, he continued this quiet encouragement for political opening.

Interestingly, much of the pressure to liberalize Brazil’s political system originated from Vargas’s own military ranks. Two top military figures—General Eurico Gaspar Dutra and General Góes Monteiro—privately emphasized to Vargas the inconsistency of serving as an Allied partner against Fascism while running a dictatorship. Monteiro believed that the level of domestic discontent was unsustainable and that political liberties had to be restored. Heeding these calls, Vargas began a systemized process of political opening in late 1944. In speeches in November and December 1944, Vargas promised the restoration of political liberties. His regime began the relaxation of press censorship in early 1945 and gave amnesty to several hundred political adversaries; and in May 1945, he promulgated a law establishing national elections for December 2 of that year.

Ambassador Berle, believing in the sincerity of Vargas’s redemocratization plan, was sympathetic to the Brazilian leader. Berle liked Vargas, and given the Fascist military regime of Argentina and the rise of Juan Perón, he felt Brazil’s situation could certainly be much worse. Unarguably the Vargas regime was a dictatorship, but it kept its international obligations and was “nothing remotely resembling a police state.” Indeed, a key driver of the U.S.-Brazil relationship was both countries’ common antagonism toward Argentina from the late 1930s to the early 1950s. This common enemy—which became even more pronounced with the onset of World War II—certainly facilitated a sense of kinship toward Brazil and increased patience vis-à-vis Vargas.

Accordingly, Berle advised Washington to adopt a “stand back” policy and to let the planned liberalization run its course. Specifically, Berle advised against taking a public stand against Vargas, believing Brazil was on the path toward democracy. He wrote in September 1945 that “this Embassy believes that Brazil has made steady progress towards the goal of constitutional democracy, and that there is as yet no solid evidence that the march in this direction will be interrupted.” Truman agreed with Berle’s decision to support Vargas, writing that “it seems to me that things are going along as well as anyone would want. Vargas certainly has been our friend.”

However, pro-Vargas elements in Brazil increased in strength and popularity in the coming months. The growing momentum of these queremista
movements that called for Vargas to remain in power raised concern within the State Department late in the summer of 1945 that Vargas would cancel elections. This fear prompted Berle to give a general public statement supporting democracy with the hope of deterring any possible plot to derail the scheduled elections. Berle delivered this “interventionist” speech on September 29, 1945, in Petrópolis, Brazil. The tone was extremely friendly: “Never were relations between Brazil and the United States closer than they are today. Brazilian events are widely and thoroughly reported in America, with constant and growing interest.” However, he also concentrated on praising the democratic process under way in Brazil and warned against any challenge to this process, stating that

the pledge of free Brazilian elections, set for a definite date, by a Government whose word the United States has found inviolable, has been hailed with as much satisfaction in the United States as in Brazil itself. Americans have not agreed with some who tried to misrepresent straightforward pledges and declarations as insincere, or as verbal trickery.

After almost twenty paragraphs of explaining how democratic systems work and extolling democracy’s virtues, Berle finished his speech by stating that “no true friend of Brazil or of the Brazilian people will interrupt that [democratic] process.”

Progovernment elements of the press attacked the speech as condescending and an unwelcome interference in Brazil’s internal affairs. The front page of Diario de Noticias showed a cartoon saying that “the Americans have dropped three atomic bombs: Hiroshima, Nagasaki, and Mr. Berle’s speech.” And although Berle had cleared the address with Vargas beforehand, the Brazilian government was also publicly critical.

When on October 29, 1945, senior army commanders with the support of liberal adversaries deposed Vargas, it was clear that the speech did not have its desired effect. Most notably, Sumner Welles (undersecretary of state under President Roosevelt) attacked the State Department’s policy toward Brazil and claimed that Berle’s speech had actually caused the coup. This assertion was widely rejected; to attribute a successful military coup in a large country to a relatively minor speech by an ambassador is a gross exaggeration of the influence of the United States in events outside its domain. However, the speech did reveal the beginning of a tendency in Washington to become more involved in the domestic affairs of Brazil. While Berle’s speech occurred without explicit instructions from Foggy Bottom and was actually received with surprise by the State Department, President Truman supported Berle’s handling of the situation, giving praise afterward for the “skillful manner” in which the Ambassador acted.

Whether one views Berle’s speech as the deciding factor that catalyzed the coup or an inconsequential oration, it is important not to forget that the
U.S. goal through the buildup to Vargas’s overthrow was how to best support Brazil’s democratic process. National Archive records reveal countless examples of correspondence between Berle and Secretary of State Byrnes on how to best achieve the end result of democracy. Berle wrote that “the only way to have democracy is to have it, relying on people to correct its mistakes. Accordingly, on balance it would seem to me that we ought to encourage carrying out of programs announced by Vargas.” He went on to write that one way to bolster this path toward democracy would be to state that U.S. public opinion welcomed Vargas’s decision to schedule elections. Berle’s oration did reflect a U.S. interest as well as involvement in the internal political developments of Brazil, but the fact that the Truman administration’s only “intervention” was a speech, and that this address was previously cleared by President Vargas himself, certainly dilutes its offence. As the international bulletin O Jornal reminded its readers in early 1946, “If Latin American dictatorial governments could be conjured with speeches by American Ambassadors, General Farrell’s in Argentina would be a remote memory.”

Similar to Roosevelt, the Truman administration’s support for, or at least tolerance of, the Vargas dictatorship was not necessarily inconsistent with its foreign policy goal of promoting democracy. U.S. policy makers believed the Brazilian military was not interested in politics and that it supported the country’s return to democratic rule. Ambassador Berle went as far as to report in 1945 that the army’s 1945 intervention was “saving the democratic process.” Consistent with its historic role as a professional, apolitical institution, the U.S. government believed that the Brazilian military was not only maintaining the core of stability in Brazil but also paving the way for a sustainable democracy.

**THE SPECIAL RELATIONSHIP CONTINUES TO FADE**

President Truman visited Rio de Janeiro in September 1947, conducting a speech to the Brazilian Congress entitled “The Ties Between the United States and Brazil: The Pursuit of Our Common Objectives.” The talk consisted, in almost its entirety, of reminders of the strong historical bond between the two countries. Truman stated that the great friendship between the United States and Brazil was based on “common interests, common principles, and common ideals,” and that their struggle and sacrifice together during World War II was a “sacred bond” between the two countries. This friendship and mutual priorities were reflected in Brazil’s support for U.S. Cold War policies in the context of the inter-American system, such as the creation of the Organization of American States in 1948. However, Truman’s rhetorical focus on these strong historical ties
was inconsistent with both Washington’s postwar ambivalence toward Brazil as well as the growing tension between Washington and Rio de Janeiro.

The deterioration of the special relationship between the United States and Brazil during this postwar era is widely noted by historians. Quite distinct from the peak of military and economic cooperation that marked the war years, bilateral relations became “irritated” after the war. Similar to the issues that plague many personal relationships, the root of the U.S.-Brazil problem was money. Washington understood quite well the source of this irritation; the conflict was summarized by a perceptive State Department memo to President Truman stating,

The Brazilians complain that we have failed to give them sufficient financial assistance; that their role as the only Latin American country to send ground troops to Europe in World War II has not been sufficiently recognized; that Brazil is being neglected at a time when the United States is pouring money into Europe and Africa; and that the United States is seriously endangering its historical and traditional friendship with Brazil by taking its friendship for granted without, at the same time, paying due heed to Brazil’s legitimate interests.20

Indeed, the postwar years saw a dramatic shift in the United States’ economic policy toward Latin America. At the same time that unprecedented levels of official financing were provided to Europe through the Marshall Plan, Truman shied away from offering government aid to Latin America. In stark contrast to its war strategy of financing industrial development in Latin America with U.S. government resources, President Truman shifted to the private market as the best means toward economic growth.21 This shift was driven more by financial constraints than by the decision that Brazilian development was not a worthy investment. In a working meeting with directors of the Export-Import Bank, a State Department director stated that “while Brazil’s development program is desirable and deserving assistance, it has not the same claim of urgency that several of the war-devastated countries of Europe have.”22 And during a May 1, 1946, meeting with Brazilian and American officials, Daniel Braddock of the State Department stated to the Brazilian minister of transportation and public works, Colonel Macedo Suases, that if the U.S. government failed to meet Brazil’s funding expectations, “this was not due at all to any lack of willingness on our part or wish to help, but rather because of the multitude of demands with which this Government was confronted, which as a national policy it had decided to meet by using as far as possible the instrumentality of the International Bank.”23 According to U.S. policy makers, their hands were tied. The U.S. rejection of official assistance to Latin America during this time was depicted as lamentable but the only option for the United States given other more urgent needs.
Interestingly, the almost default economic policy toward Brazil evolved into an overriding commitment to the power of private finance as a policy in and of itself in the next several years. This debate over the desirability of private versus public funds for development purposes had emerged as early as the 1930s during the peak of the special relationship, most visibly between Secretary of State Cordell Hull and Assistant Secretary Welles—with one preferring private enterprise and free trade, the other more accepting of public funds. A little over a decade later, the supremacy of private financing, as well as loans versus outright grants, was clear to U.S. policy makers. At the Chapultepec Conference in Mexico City in 1945, conferees agreed upon a common goal to rely more on private investment for economic development. And President Truman stated at the Inter-American Conference in Petropolis, Brazil, on September 2, 1947, that sustainable economic development required “a type of collaboration in which a much greater role falls to private citizens and groups than is the case in a program designed to aid European countries to recover from the destruction of war.”

This relatively new emphasis on private investment to meet Latin America’s development needs certainly resulted from a stretched U.S. Treasury and a policy decision to prioritize Europe and Asia. Latin America was no longer part of the front line of the Cold War. However, it was not necessarily a cop-out by the United States. The new stance also reflected the desire to put relations on a more equal footing. Nelson Rockefeller, assistant secretary of state for Latin America at the time, was an ardent supporter of closer ties between Latin America and the United States and also a proponent of less government financing. President Eisenhower wrote his brother Milton, who was one of his closest advisors on Latin American issues, that “in the case of the Americas, I do believe that loans are more appropriate than grants. . . . We want to establish a healthy relationship that will be characterized by mutual cooperation and which will permanently endure. This will apply whether or not the Communist menace seems to increase or decrease in intensity.”

Further, the rhetorical support and reliance on private capital was backed by solid policy initiatives aimed to increase private investment in Latin America. President Truman, with the leadership of Commerce Secretary Averell Harriman, developed several programs to foster private U.S. capital investment in Latin America. The Economic Agreement of Bogotá, for example, aimed to provide guarantees for nondiscriminatory and equitable treatment of U.S. capital. However, only three governments—Costa Rica, Panama, and Honduras—signed the agreement, with most governments feeling the accord did not sufficiently emphasize the need for foreign capital to be subject to the national law.

The Truman administration also attempted to spur private foreign investment by providing government guarantees for investment overseas through
his proposed Point IV technical assistance program. And continuing into the early 1950s, the Commerce Program proposed a comprehensive plan to stimulate U.S. private investment abroad, proposing “industry advisors” in key diplomatic posts to foster investment, increased bilateral investment treaties, and government guarantees covering international risk. However, the plan raised suspicion in Latin America; the U.S. government guarantee—which effectively gave the covered investment semiofficial status—removed the role of Latin local courts. Not surprisingly, Haiti was the only Latin country to sign an investment treaty. Oswaldo Aranha, who took the post of finance minister in fall of 1953, stated Brazil’s opposition to the program quite simply: “We welcome foreign investments that will be governed here and not govern us. . . . You don’t invite into your house people that ask guarantees to enter, guarantees to stay, and guarantees to leave.” So, Truman’s goal of significantly increasing private capital flows to Brazil was never realized. As Brazilian columnist Augusto Schmidt in Brazil’s Correio de Manhã wrote, “We need, ask for, and hate foreign capital at the same time.”

Consistent with his reliance on private capital, Truman dismissed the prospect for a separate Marshall Plan to stimulate economic recovery in Latin America. Truman consistently claimed that the Western Hemisphere already had enjoyed its own Marshall Plan for a century and a half, “known as the Monroe Doctrine.” Finally, by the late 1940s, the Truman administration had made it a conscious policy not to favor Brazil over other Latin American countries, or give it the degree of financial aid it expected.

The unwillingness either to continue previous levels of bilateral aid or to include Brazil as a beneficiary of Marshall Plan funds was a source of profound disappointment and irritation for Brazil. This frustration was compounded by the fact that former enemies received monetary aid. State Department official John Abbink aptly described Brazil’s deep belief that “as one of the active allies of the United States in both world wars, Brazil should have been a beneficiary of Marshall Plan funds equally with our European allies, and certainly before some of our enemies (Italy, Germany, and Japan) received help.” Indeed, the Brazilian Navy and Merchant Marine were in desperate need of repair due in part to Brazil’s contribution to World War II. Vargas himself felt deeply bitter, recalling in 1951 that “We fought in the last war and were entirely forgotten and rejected in the division of the spoils.” One Brazilian statesman summarized Brazil’s position well when quoting from Spencer’s The Faerie Queene—“Old love is little worth when new is more preferred.” While the State Department argued for increased aid, the official U.S. policy was that aid to Europe was only a temporary, emergency gesture, not a long-term development policy, and thus should not include Latin America.
Brazil’s frustration, then, was not the result of any significant policy or worldview differences with the United States. Instead, Brazil simply felt abandoned by the United States’ new focus on private capital. Officials were also offended by the brusqueness of Secretary of State Marshall. “An abyss opened between the action, almost affectionate and intimate, of Cordell Hull . . . and the action, almost indifferent and arrogant, of George Marshall,” described one Brazilian columnist.34

Separately, the United States made a strong stand against Brazil’s focus on government-led economic development. President Dutra, who was Vargas’s minister of war before being elected president after Vargas’s ouster, supported noninterventionist, market-led policies during his first two years in office (1945–1946). However, in 1947 he shifted to a statist approach, adopting import controls and a fixed exchange rate to favor importation of machinery and discourage imports of consumer goods to promote industry. These new economic strategies, completely contrary to Washington’s open-market policies, only supported the existing trend toward providing less foreign aid to Brazil.

NOT FUNDED, BUT NOT WHOLLY FORGOTTEN

Yet in spite of Brazil’s frustrated attempts to secure American aid, Brazil’s foreign policy during Dutra’s presidency (1946–1951) was closely aligned with that of the United States. In 1947, Brazil broke off diplomatic relations with the Soviet Union and outlawed Brazil’s Communist Party (the PCB). Moreover, the economic ties as well as the strong relationship between the two countries’ militaries remained and even deepened. In 1947–1948, the United States sold equipment and aircraft to Brazil at around 10 percent of the procurement cost as surplus sales.35 And at the request of Brazilian officials, the U.S. military in 1949 set up the ESG, Escola Superior de Guerra, modeled after the U.S. National War College. The school’s ideology was one of close affinity and interdependence with the United States. Indeed, one of the most important elements of U.S. Cold War policy toward Brazil was Washington’s cultivation of the Brazilian military as a valuable ally against Communism.

While high-level policy attention toward Brazil dissipated after the war, this did not mean that Brazil fell off Washington’s map completely. State department officials consistently emphasized to President Truman and Secretary of State Marshall the importance of strong relations with Brazil. In a State Department document outlining U.S. policy toward Brazil in 1948, it was written that Brazil was the keystone of Washington’s overall Latin American policy, and was recommended that the United States intensify
its political relationship with Brazil through consultation on every matter involving the two countries. It was "difficult to exaggerate Brazil's importance to the U.S."36

Perhaps as a way to show Dutra that the United States' traditional ally had not been completely forgotten, in 1947 Truman agreed to establish a bilateral mission to analyze Brazil's economic development. The Joint Brazil–United States Technical Commission was set up in 1948 under the leadership of John Abbink. Known as the Abbink Commission, its purpose was to identify bottlenecks in the Brazilian economy and advise on how to improve competitiveness.37 The commission complemented well Truman's new Point IV program which was announced in early 1949 with the aim of helping countries like Brazil through U.S. technical assistance. The rationale was that technical assistance would fill the gap where financial resources were unavailable. The joint commission submitted its report to presidents Truman and Dutra in March 1949. Among its broad suggestions were to increase exports to secure more foreign exchange, and to implement tax concessions to attract foreign direct investment.38 The overarching recommendation was an increased reliance on private foreign capital and economic liberalism.

Tellingly, Abbink wrote in a report for Secretary of State Dean Acheson that the goal of the commission was to "make it clear to Brazilian officials with whom it came in contact that Brazil could not expect huge amounts of assistance from the United States."39 It is noteworthy that Dutra's government was quite receptive of the mission's recommendations, which reflected not only the neoliberal leanings of Abbink but also of Dutra's minister of finance. However, the mission still ended on a relatively negative note as the Brazilians were denied their request for an ongoing technical mission to assist in obtaining loans. The commission thus left little visible benefit for Brazil.

By way of summary, Elizabeth Cobbs aptly noted that after the war ended, "the Brazilians soon found that the vicissitudes of peace were more unpredictable than those of war—at least when it came to an alliance with the United States."40 First, the intensity of the Brazil-U.S. bond which was driven by the common Nazi threat began to dissipate after the war, bringing about a natural decline in U.S. policy attention. Second, this decline in attention was accompanied by a demand for economic aid in other parts of the world, resulting in a sharp decline in U.S. assistance to Brazil. Finally, starting in the late 1940s, a subtle but significant shift in U.S. foreign policy toward Latin America took place. It was decided that in order to best combat Communism in the Western Hemisphere, the United States should engage Argentina and not openly take sides in regional affairs. Washington rejected Brazil's request for further military aid in 1949, and the State Department even declined to make a general statement affirming any special interest in Brazil's defense.41
As of February 1949, Washington saw “no political problems of any consequence between the two countries that require discussion at this time.” This rather brusque assumption could be viewed as proof of how oblivious the U.S. government was to the deterioration in relations with Brazil after World War II, especially the feeling of frustration and alienation felt by the Brazilians. But on some levels, the statement was quite true. The two countries disagreed on several issues, most importantly those having to do with the role and desired level of economic aid; but on important global issues such as the primacy of democratic polities, the two countries were in complete accordance.

Further, the U.S.-Brazil bilateral relationship was not dominated by misunderstanding during this early Cold War period as is often described. Based on internal documents and memos, it is clear that Washington in fact had a solid grasp and insight into Brazil. Ambassador Johnson wrote to Secretary of State Marshall in December 1948 of the need for a symbolic gesture of U.S. support of Brazil, describing the Brazilian foreign minister’s request for a gesture that would placate growing feeling of suspicion in Brazil that Washington had become indifferent to its old friendship with Brazil. He emphasized, “It must be remembered as part of psychological background that Brazil does not want ‘equality’ with other Latin American nations in affections of U.S. She wants unquestioned priority. This emotional element is an important part of present situation in my opinion.”

The U.S. State Department was concerned about the sensitivity of Brazilian policymakers and was eager to tread softly. The State Department also consistently emphasized the importance of Brazil to the executive branch, relaying its concern to the highest policy levels.

However, while this relatively high level of bureaucratic interest and policy coverage of Brazil continued after the war, it was ultimately not sufficient to bring about sustained attention to Brazil by the executive branch. The pressures to place Brazil on the back burner, caused principally by the fact that World War II was over and along with it the burning need for a hemispheric ally, trumped long-term nonurgent calls for partnership with Brazil. The two countries no longer prioritized the same issues. The result was that once the friendly period of military, economic, and political cooperation during the war ended, Washington proved unable to transition to the undefined period of peacetime with the same degree of interest in Brazil.

NOTES

1. “Truman’s Address Before a Joint Session of the Congress,” 16 April 1945, and “Truman’s Address on Foreign Policy at the Navy Day Celebration in New York,” 27 October 1945, *Public Papers of the Presidents of the United States—Harry S. Truman,*
1945. For the initial Latin response to President Truman, see editorials in A Noite, Rio de Janeiro, 18 December 1945; Diário Trabalhista, Rio de Janeiro, 5 October 1946; La Hora, Santiago, 17 April 1945.

2. Oswaldo Aranha wrote to Minister of Foreign Affairs Raul Fernandes that the "North American memory" was "very weak" and that the United States did not "even want to hear from us." See Elizabeth Cobbs, The Rich Neighbor Policy: Rockefeller and Kaiser in Brazil (New Haven, CT: Yale University Press, 1992).


5. A. A. Berle, "Circular Instructions to U.S. Embassies in the Other American Republics from Assistant Secretary of State," 1 November 1944, Department of State Archives.

6. Dutra to Vargas, 27 December 1944, Centro de Pesquisa e Documentação de História Contemporânea, Rio de Janeiro, Vargas Papers.

7. Telegram from Berle to Secretary of State, 18 September 1945, NA, RG 59, 832.00/9-1845.

8. Ambassador Berle to Secretary of State, 3 September 1945, NA, RG 59 832.00/9-345.

9. Ambassador Berle to Secretary of State, 3 September 1945, NA, RG 59 832.00/9-345.

10. Truman to Berle, 13 September 1945, Berle Papers.


12. Frank Norall, OIAA Press Section Reports, 3 October 1945, NA, RG 59.

13. See memo from Mein to Braden, 29 January 1946, NA, RG 59, 711.32/1-2946.

14. See 2 October 1945 memo from Chalmers to Berle in which Chalmers writes that "frankly, there was considerable skepticism of the wisdom of making any statement at all." NA, RG 59, 832.00/9-2945.

15. Telegram from Berle to Byrnes, 18 September 1945, NA, RG 59, 832.00/9-1845.

16. In Berle’s account of his 28 September 1945 meeting with Vargas, he describes how he showed Vargas the manuscript of his planned speech, and how Vargas cleared the speech, indicating his desire to step down. Papers of Harry S. Truman, President’s Secretary Files. Memorandum of Conversation between Berle and Vargas, 1 October 1945.

17. See memo from Mein to Braden, 29 January 1946, NA, RG 59, 711.32/1-2946.

18. Memorandum from Berle, NA, RG 59, 832.00-10-3045.


20. Memorandum for the President, Department of State, Washington, 6 October 1950, Harry S. Truman Library, White House Central Files, Confidential Files.
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22. "Memorandum by Acting Chief of the Division of Brazilian Affairs (Braddock) to the Assistant Secretary of State for American Republic Affairs (Braden)," FRUS, 1946, 11:496.
33. "Memorandum of Conversation by the Officer in Charge of Brazilian Affairs, 28 November 1949," FRUS, 1949, 2:583.
37. The Brazilian delegation on the U.S.-Brazil Abbink mission was led by Octávio Gouvêa de Bulhões, an economist who later would become one of the masterminds of the post-1964 stabilization plan and Brazil's subsequent "economic miracle."
42. "Memorandum by the Acting Secretary of State to President Truman, 18 May 1949," *FRUS*, 1949, 572.
43. "Telegram from Rio de Janeiro to Secretary of State, no. 1263," 16 December 1948, NA, RG 59, 711.32/12-1648.
Part II

THE COLD WAR
The 1950s: Bilateral Distancing

The onset of the Korean War amid the overall context of the Cold War brought about yet another shift in the interest level of Brazil’s seemingly fickle northern neighbor. The Korean conflict reinforced the United States’ historic yet sporadic thrust to strengthen the infrastructure and economy of a reliable hemispheric partner, and Brazil was the brief recipient of U.S. policy attention. A reaffirmation of Brazil-U.S. solidarity was especially important to the United States given that Argentina’s Juan Perón was advocating a “third way” and foreign policy neutrality in the Cold War. The Truman administration also believed that other Latin countries would follow suit in supporting the United States in Korea if Brazil took the lead. Hence, attaining any modicum of Brazilian support was quite important to Washington.

The Truman administration also took on a renewed interest in Brazil’s successful industrialization in order to better guarantee a reliable source of strategic materials, specifically manganese and iron ore. Accordingly, in a State Department memorandum to the president in 1950, it was emphasized that Brazil would always occupy a unique position in U.S. foreign policy. The official policy toward Brazil was to “encourage and support all appropriate Brazilian efforts to improve that country’s international position and prestige in the United Nations; to continue to encourage the development of constitutional, democratic government in Brazil; and to maintain Brazil as the keystone of our overall Latin American policy.” Further, President Truman told Ambassador Joaquim Nabuco that “he would take a personal interest in their [loan] problems.” Washington even agreed to follow up with the Cooke and Abbink commissions, neither of which had prompted significant change.
The result was a $25 million Export-Import Bank loan for steel equipment for Volta Redonda in 1950. However, this was not enough to convince the Brazilians to participate in the Korean War. With only a few months left in office, President Dutra remained noncommittal toward providing troop support in Korea, only offering the vague promise to support the United States as Brazil’s means permitted. Brazilian policymakers were also quick to point out that these means were not as they otherwise would be given the absence of Marshall Plan funds for Brazil. Fearing that Brazil’s response was influencing other Latin American stances toward the war, Truman subsequently secured an increased commitment for Export-Import Bank loans and agreed in December 1950 to establish the Joint Brazil–United States Economic Development Commission (JBUSC, otherwise known as the Knapp-Bohan Commission). Its inception was acclaimed as “a new departure in the conduct of economic relations between governments” and was optimistically described by the State Department as “a new technique and one which involves action and not merely study.”

The commission’s main goals were to enhance economic cooperation, “create conditions for, and eliminate obstacles to, an increase of the flow of investment, public and private, domestic and foreign, needed to promote economic development.” The JBUSC’s principal output was a series of plans for forty-one infrastructure projects to be funded by the Export-Import Bank and the World Bank. As such, the commission addressed one of President Dutra’s main complaints, which was the scarcity of official financing for Brazil. The commission provided technical assistance in investment and financial planning which resulted in the creation of Brazil’s National Bank for Economic Development (BNDE). The stage was certainly set for a return, perhaps, to the glory days of the pragmatic, mutually beneficial cooperation during World War II. While the personal Vargas-FDR friendship was no longer (Dutras and Truman showed no particular affinity or interest in one another), the Korean War created the conditions for increased attention and cooperation between the two countries. Indeed, the creation of the joint commission reflected the relative success the Dutra administration had in pressuring the United States for aid and the degree to which the Truman administration wanted to keep relations friendly with Brazil.

As the commission began operating, conditions in Brazil took a dramatic turn; in January 1951, Getúlio Vargas returned to power after being overwhelmingly elected to succeed Dutra. However, Vargas developed a very different relationship with the United States compared to his first administration. He blamed the United States for his ouster in 1945 and saw the United States as a politically expedient scapegoat for Brazil’s domestic problems. The Korean War gave Vargas badly needed leverage with Washington, and he was careful to hold Brazil’s cards very close to his chest. In sharp contrast to his enthusiastic support of the Allies in World War II
(albeit vacillating at first), Vargas agreed to support the Korean War only if Washington provided a laundry list of favors including increased official credit, guaranteed higher coffee prices, and financing for fourteen separate infrastructure projects. Vargas had no intention of making the same mistake twice; instead of waiting for a Marshall Plan that never materialized, this time he would obtain his own Marshall Plan up front. Actually, he had sympathizers within the Truman administration. Assistant Secretary of State Edward Miller, for example, felt that Vargas’s price was worth paying and urged cooperation, writing that it was “imperative for the future of our relations with Brazil.”

Vargas did support the United States politically throughout the Korean War. Brazil recognized the government of the Republic of Korea in 1949 and also endorsed the U.S.-led UN resolution condemning China’s invasion of Korea. Moreover, Brazil and the United States signed a military cooperation accord in March 1952. But Rio de Janeiro agreed to the assistance pact only after Washington agreed to a three-year purchasing program for critical products. The main political parties in Brazil fought the accord, as did nationalist elements of the Brazilian military. The Brazilian Congress ended up ratifying the accord, but included a declaration against the dispatch of Brazilian troops to Korea. Accordingly, the prospect of troop support for the Korean War prompted by significant U.S. aid to Brazil never materialized. The JBUSC ended up being prematurely terminated in December 1953 by the State Department, under the leadership of John Foster Dulles. While the commission’s proposals served as an important blueprint for future development plans (specifically for President Kubitschek’s famous Fifty Years in Five thrust), none of its intended loans were secured. Neither the Export-Import Bank nor the World Bank was willing to relegate authority to the commission, and the struggle over which institution should be the primary lender for development projects severely hindered any progress. As the Brazilian decision to lend troop support to Korea very much hinged on the commission’s funding, Brazil never supported the war—a source of frustration and disappointment for the United States.

WASHINGTON LOOKS ELSEWHERE

Meanwhile, within Brazil, Vargas’s economic policy began veering more to the left. This shift was in many ways a logical response to the perceived U.S. indifference to Brazil’s economic development. If the United States was not willing to aid Brazil in its efforts to grow through an open economy, it would try a new, closed tactic. In December 1951, Vargas sent a bill to the Brazilian Congress to create Petrobrás—a state-owned oil monopoly. Then, on January 3, 1952, claiming that foreigners were bleeding Brazil of profits
and resources, Vargas issued a decree curbing what he deemed were excessive profit remittances. The decree limited profit remittances to 8 percent a year on capital brought into Brazil. Washington’s response was immediately critical on both accounts, claiming that it would undermine Brazilian economic growth as well as the work of the then still-existent commission. However, the Truman administration adopted a stand-back approach, not pressuring more radical reform. Petrobrás was founded in October 1953 and was declared by the Vargas regime the manifestation of Brazil’s independence from the United States.

Brazil’s complaints with the United States revolved around two broad issues: the erosion of its preferred status in the region, and competition with its export market. First, not long after the war, Washington began to woo Argentina; in 1950, the Truman administration extended a $125 million development loan from the Export-Import Bank to Argentina with the implicit goal of urging Perón to soften his obstructionist stance toward the United States. The aid to Argentina was particularly offensive to Brazil since Argentina was a historic rival and had even supported the Axes during World War II. While $130 million of Export-Import Bank and World Bank loans were extended to Brazil between January 1949 and mid-1950, a similar amount was also lent to Mexico and Argentina. U.S. officials conceded that the overlap and conflicts between the Export-Import Bank and the World Bank hindered additional loans to Brazil, but they emphasized that the multiple small loans that Brazil had received during the past previous years were comparable to these large lump sums given to Brazil’s neighbors. This was little consolation to Brazil which felt resentment for receiving the same treatment as the rest of Latin America.

Second, Washington increased U.S. economic aid to several African countries during this time. Brazilians felt that this subsidy to its export competitors undermined Brazil’s export market—specifically its lifeblood export, coffee. A U.S. Senate investigation of coffee prices in 1950 had added to Brazil’s fears when the head of the inquiry, Senator Guy Gillette, suggested that the United States should stimulate coffee production in other countries, claiming that the Brazilians were coffee monopolists. Despite the State Department’s efforts to downplay the findings, the report dealt a bitter blow to Brazil. The attack against Brazil’s export promotion seemed especially unfair given the quotas allowed for Bolivian tin, Chilean copper, and Cuban sugar—in effect subsidizing other countries’ production.

These issues strained the Vargas administration’s relations with Washington. However, Vargas was a pragmatist and was fully aware of Brazil’s dependence on existing U.S. aid. He also understood well the importance of pleasing competing groups in his shaky coalition. Historian Michael Weis writes that Vargas was therefore forced to “act as a dancer doing the box step—up-back, left-right. . . . Getúlio’s strategy was dialectical; simulta-
The 1950s: Bilateral Distancing

neous movement toward both nationalist and moderate policies.” Part of this balancing act included appointing a fiscal conservative, Celso Lafer, as finance minister. Vargas also appeased Washington by amending his remittance degree through backing a free exchange market bill in February 1953, which permitted 100 percent remittances of foreign investments.

NEW ADMINISTRATION, SAME BRAZIL POLICY

The incoming Eisenhower administration in 1953 pledged an increased interest in Latin America, critiquing the Truman administration for neglecting the region and turning a good neighbor policy into a poor neighbor policy. Yet overall relations between the two countries became increasingly tense as inflation and balance-of-payments problems in Brazil raised Brazilian expectations of its northern ally for increased aid and political attention which were not met. Moreover, Eisenhower’s pledges to change his predecessor’s neglect of Brazil went unfulfilled as more urgent international issues claimed his attention.

Most relevant to U.S. relations with Brazil, President Eisenhower continued the Truman administration’s preference for private investment to meet international development goals. Treasury Secretary George Humphrey was especially opposed to grants and concessionary loans, believing that private industry would ultimately be more effective in development than governments. Milton Eisenhower, the president’s advisor and special envoy to Latin America, reiterated this stance when explaining the purpose of an inter-American conference as boosting “future U.S. investment in Latin America through a partnership of businessmen instead of governments.” Reflecting this bias against official assistance, President Eisenhower dramatically reduced the Export-Import Bank’s scope and political power in 1953, leaving the job of development financing solely to the World Bank. Henceforth, the mandate of the Export-Import Bank was strictly to facilitate U.S. exports. Coupled with the termination of the Knapp-Bohan commission, these actions all revealed a new U.S. administration with an intensified bias against foreign aid. In stark contrast, Brazil did not trust the role of private investment, questioning the national benefit of foreign capital. As a whole, the Vargas administration sought a larger role for government in the Brazilian economy. This statist approach, deemed inimical to U.S. national interests by the Eisenhower administration, set the two governments squarely against each other when it came to economic policy.

However, the age-old debate regarding the role of public versus private financing persisted within the administration. Bureaucratic infighting occurred between the Treasury and State departments, with Treasury holding a more business-oriented bias. Treasury Secretary George Humphrey felt
private capital would be forthcoming if Latin American governments “be-
haved properly.” However, the State Department felt that private money could not carry the entire development burden. Secretary of State John Foster Dulles dissented from Treasury’s preference for strict reliance on private capital, pointing out to Treasury Secretary Humphrey that in the absence of adequate assistance from the United States, “the Latin American countries might well go Communist.” Dulles believed that public financing at reasonable interest rates was essential for the development of basic infrastructure and called for a more aggressive role for Export-Import Bank lending in the region.

This internal debate resulted in mixed messages from Washington. In February 1953, the Export-Import Bank announced a line of credit to Banco do Brasil, the Brazilian central bank, for $300 million to assist in liquidating past-due U.S. dollar accounts. Brazil’s economic situation had worsened, and the Eisenhower administration came to believe that a more direct role in financing might be necessary. But only $96 million of this amount was immediately disbursed, and the terms mandated repayment beginning in September 1953—too soon, felt Brazilians, for them to turn the economy around. The remaining $204 million was disbursed on July 30, but even this was met with frustration by the Brazilian government, which compared the two-year repayment schedule with loans from Britain and Germany with nine-year repayment periods. Then Finance Minister Oswaldo Aranha stated, “We got the worst settlement from our best friend.” The disillusionment was felt by both sides. Washington felt that the Vargas administration was either financially incompetent or not in control of the Brazilian economy, or both.

Relations between the two countries were not helped by Eisenhower’s nomination for ambassador to Brazil in August 1953. Responding to Humphrey’s suggestion to “find a few first-rate businessmen and send them as our ambassadors to Key Latin American nations,” Eisenhower tapped James Scott Kemper of Kemper Insurance, a party loyalist who was a large contributor to the 1952 campaign. Kemper had few relevant qualifications and his appointment offended many Brazilians. Vargas was allegedly irked that Washington could not send a more qualified individual (as historically had been done), and when asked for his assent to Kemper’s nomination, he replied, “Alright, if this is all they have to send, let them.” A sense of bitterness toward the United States increased over the next couple of years, and Vargas’s suicide note of August 1954 flared nationalist sentiments by blaming international economic and financial groups for his demise.

In full, by the termination of the JBUSC and the relatively strict terms of the February 1953 Export-Import Bank loan, the Eisenhower administration did not incur any favors from Brazil. Historian Michael Weis went as far as to assert that Eisenhower “not only denied the preferential treatment
Brazil desired and felt entitled to, but also . . . actually discriminated against its most important ally in Latin America.23 However, from the United States’ perspective, Brazil had proved to be an unreliable strategic partner as well as an erratic economic bet. It had failed to lend any degree of support in Korea, and it continued to pursue increasingly leftist economic policies, further destabilizing the Brazilian economy. The vastly different foreign policy goals of each country had clearly taken its toll on the bilateral relationship.

ADVISORS PUSH FOR CLOSER TIES WITH BRAZIL

As with much of international politics, things are often not as they appear. This certainly held true in the case of U.S.-Brazil relations during the early Cold War period. While the Eisenhower administration by most accounts showed little interest in Brazil after the end of the Korean War, there was more concern with Brazil among the president’s foreign policy staff than often acknowledged. The role of Dr. Milton Eisenhower, President Eisenhower’s brother and Latin American advisor, illustrates this reality well. Dr. Eisenhower visited Latin America several times in order to send the message to the region that the new administration cared about Latin America and to try to drum up support for the U.S. position in the Cold War. These fact-finding missions are commonly described with skepticism for the absence of any meaningful outcome. Dr. Eisenhower was not received well in Brazil during his July 1953 visit; the Knapp-Bohan commission had just been canceled, and Washington was concomitantly wooing Perón. Numerous Brazilian papers critiqued Washington during Dr. Eisenhower’s visit, charging Washington with trying to coerce Brazil into sending its youth to their death in Korea and critiquing Eisenhower for allegedly reneging on loan promises.24

Dr. Eisenhower’s visit was seemingly a disaster. However, Vargas was pleased with the trip, writing to President Eisenhower that Brazil was “always ready to give its full support to useful undertakings and practical programs that will translate our traditional friendship into still more concrete economic and political cooperation.”25 And in a June 22, 1953, letter to Vargas, President Eisenhower wrote that “the people of the United States have long had a sympathetic interest in the people of Brazil. . . . You may be sure that it is the firm intention of this Government to encourage all aspects of our mutually beneficial relations at all times.”26 These words were consistent with the age-old tradition of respect and cordiality between Brazilian and U.S. presidents. While words cannot be equated with action, the maintenance of cordiality and the ongoing dialogue between the two countries reflected a certain degree of engagement. Dr. Eisenhower’s trips were notable if for no other reason than that the missions even took place,
headed by one of President Eisenhower’s most trusted and respected advisors.

Milton Eisenhower reported back from his Brazil visit emphasizing the importance of good relations with Brazil, writing to his brother that “Brazil can be and some day will be one of the powerful nations of the world. It is vital that she be tied to us, in firm economic, cultural, political, and military cooperation.” Milton Eisenhower consistently pressed the connection between democracy and development in Latin America, and the existence of both in the region was important to U.S. national security. Notably, this direct voice to the ear of the president, in the form of one of his closest advisors, was urging increased attention to Brazil.

The voice of Fleur Cowles comprised another influence urging closer relations with Brazil. A confidante of Eisenhower who was in Brazil during 1953 as Eisenhower’s “unofficial observer,” Cowles strongly emphasized Brazil’s importance to the United States. She recommended that Washington woo Brazil in order to keep up with Japan, Germany, China, and England, which were pursuing deeper economic ties with Brazil to take advantage of its vast natural resources. “Keeping Latin America in the democratic orbit is an obvious objective—but the more critical one is to keep the fabulous raw material reserve of South America (and Brazil in particular) out of Communist or even Middle European hands in the future.” Yet, as we shall see, neither President Eisenhower’s brother nor close confidante could prompt significant attention to Brazil. These calls for increased engagement with Brazil, based on long-term, nonurgent opportunities, could not prompt high-level attention in Washington’s deeply engrained tradition of focusing on national security “crises,” as such.

Much to the Treasury Department’s pleasure, Juscelino Kubitschek, who was sworn in as Brazil’s president on January 31, 1956, actively sought private foreign investment and refused to reinstitute Vargas’s profit remittance limitations. However, he also refused to touch Petrobrás—a source of frustration for Treasury officials who wanted the vast public monopoly privatized. This disagreement regarding the fate of Petrobrás, in addition to Kubitschek’s campaign support by the Brazilian Communist Party and his bias toward inflationary government expansion programs, resulted in a “wait and see” attitude toward Kubitschek on behalf of the Eisenhower administration. His pledged “Programa do Metas” (Program of Goals) to provide Brazil “fifty years of progress in five years” was viewed with relative support by Washington. The Metas five-year plan borrowed heavily from the Knapp-Bohan plans and aimed to eliminate bottlenecks in the energy and transportation sectors. Accompanied with Brazil’s pledges to combat inflation, the Export-Import Bank supported the Fifty Years in Five goal by pledging a $100 million loan to finance the modernization of Brazil’s railroads (contingent upon the adoption of an IMF currency stabilization
effort). However, the import-substitution industrialization (ISI) policies that comprised the statist development plan, while ultimately spurring the creation of profitable and sustainable domestic motor-vehicle and airline sectors in Brazil, created a host of economic distortions. The deficit-spending spree temporarily brought miraculous growth rates and an industrial boom; but by the late 1950s, rampant inflation, a growing current account deficit, and falling real wages plagued the economy.

Still, the dance of effusive friendliness between the two countries’ presidents continued. In a 1957 letter to President Eisenhower, President Kubitschek wrote that if “the U.S. found itself in war or other difficulty, it could count on Brazil’s full support.” Eisenhower proceeded to assure the Kubitschek administration that the United States would do its best to help Brazil meet its military assistance needs. As an example, the United States and Brazil agreed to establish a guided-missiles tracking station on Fernando de Noronha Island in Brazil in January 1957 in exchange for U.S. military aid. However, aside from the $100 million Export-Import Bank loan, any aid to Brazil was not forthcoming. The Eisenhower administration did not perceive any threat to U.S. national security stemming from the region and felt that private capital was sufficient to meet development needs.

**OPERATION PAN-AMERICA:**
**BRAZIL’S PUSH FOR ITS OWN MARSHALL PLAN**

Vice President Nixon’s two-week goodwill tour of eight Latin American countries in May 1958 provided just the pretext Kubitschek needed to pressure the United States for increased aid. Nixon was greeted by violent protests at almost every stop and was stoned and spat upon in Caracas—barely escaping serious injury. The Latin response to Nixon’s visit reflected a region-wide anti-American wave and a growing desire among the Brazilian populace to adopt a foreign policy separate from that of the United States. Kubitschek aimed to exploit both the resulting increase in U.S. attention and Washington’s desire to improve its image in Latin America. In a May 1958 letter to Eisenhower, he attempted to assuage Eisenhower’s concerns by minimizing the significance of the demonstrations, writing that they “proceeded from a factious minority.” At the same time, however, he highlighted that the ordeal could be mended by a renewed effort toward cooperation and Pan-Americanism—a massive U.S. aid commitment named “Operation Pan-America,” or OPA. This proposed Marshall Plan for the Western Hemisphere—outlining $40 billion in aid to the region—became Kubitschek’s alternative to his previously unsuccessful bid for increased U.S. assistance. Kubitschek’s timing was perfect—the Eisenhower administration was increasingly concerned about countering...
Soviet influence while improving its own battered image in Latin America, and was showing some sympathy toward opening up to concessional development loans. The initiative was in many ways a call to return to the special quid-pro-quo relationship—one based on increased U.S. economic assistance to the region in exchange for Brazilian foreign policy support in the Cold War. Kubitschek decided that the best way to secure U.S. assistance was to prove Brazil’s reliability as a global partner, publicly supporting U.S. policy toward the Suez Canal—even contributing troops to the UN peacekeeping mission there.

Most historians maintain that Eisenhower showed very little interest in OPA. While its ultimate demise may lead to this conclusion, it was by no means automatically dismissed by the Eisenhower administration. Eisenhower was noncommittal in his letter of response to the OPA proposal but was generally supportive of the goal to promote Pan-American understanding. He wrote Kubitschek that because he deemed the matter so important, he instructed Roy Rubottom—assistant secretary of state for inter-American affairs—to personally meet Kubitschek in Rio and relay his support. Further, immediately prior to John Foster Dulles’s August 1958 visit to Brazil, the secretary of state wrote to Eisenhower that

Eisenhower did write another letter, highlighting his continuous personal support of efforts to strengthen and unify the inter-American community. Per the urging of acting Secretary of State Christian Herter, he wrote in December 1958 of the willingness of the U.S. government to find “ways of making inter American economic cooperation more effective. This remains the policy of the United States Government, and I assure you that the United States will lend its warmhearted cooperation to ‘Operation Pan America.’” More concretely, the “Committee of 21” was formed to pursue the development of OPA. Kubitschek wrote Eisenhower in July 1960, thanking him for his support and placing OPA within the global context of the Cold War. Kubitschek attempted to play on Washington’s fear of Communism, writing that his proposed OPA did not represent merely an appeal for generosity, but rather an effective weapon in the Cold War through addressing the causes of unrest and discontent.

Indeed, the aspect of OPA that interested the United States most was its political element of increased hemispheric solidarity, especially in light of Khrushchev and Mao’s increased strength. Brazil could serve as an ally in the fight against Communism, and the Eisenhower administration wanted
to secure Brazil’s commitment in eliminating this danger. Eisenhower wrote to Kubitschek that “the Latin American Republics, representing such an important area of the world in terms of political and cultural significance as well as in population and material resources, should be and must be vitally concerned with the elimination of any such threat.” Yet in spite of the region’s proclaimed importance and the Eisenhower administration’s expressed interest in OPA, Eisenhower remained noncommittal in pledging financial resources. While the elimination of Communism in Latin America was clearly important to Washington, the president and Secretary of State Dulles were ultimately unconvinced that the Soviets had any immediate plans for the region. The Communist threat in Latin America was real but not imminent.

THE CUBAN REVOLUTION AND A SHIFT IN EISENHOWER’S FOREIGN POLICY

Until the Cold War reached Latin America in the late 1950s, the Eisenhower administration saw no need to change its laissez-faire policy toward Latin America—one of the reasons for its hesitancy to commit billions of dollars of aid to the region. In 1958, the total number of Communists in Brazil was relatively small, with an estimated thirty to forty thousand Communist Party members in the entire country. Accordingly, the Eisenhower administration believed any anti-American sentiment in Brazil reflected a nationalist movement rather than a Communist threat. This complacency dramatically changed after Fidel Castro’s Communist revolution in Cuba on January 1, 1959. Given that an anti-imperialist regime had been established right under its nose, eliminating the Communist threat in the rest of the region became by far the most pressing concern in Washington’s Latin America policy. In fact, the Cuban Revolution was arguably the principal catalyst behind Eisenhower’s goodwill visit to Brazil in February 1960.

Eisenhower’s visit was by all measures a friendly one. The American president was a World War II hero, and Brazilians greeted Eisenhower with great fanfare. During his meeting with President Kubitschek, the latter commented that he regarded Eisenhower and Winston Churchill “as the two greatest men of the century” and that he felt “there was not a single serious problem at the present time to mar U.S.-Brazilian relations and they were, in fact, better than at any time he could remember.” The Brazilian president subsequently wrote that when he bade farewell to Eisenhower after his 1960 visit, he felt that he “was also taking leave of a very dear personal friend,” and that “to the image of the brave soldier and enlightened statesman there is now added in our minds that of a good, simple, and noble man.” Much of Kubitschek’s obsequiousness toward the United States can
be attributed to basic pragmatism: he was working toward his Fifty Years in Five development goal and hoped to obtain U.S. assistance for his proposed OPA. However, Kubitschek’s strategy ended in failure. In spite of the increased Communist threat, Eisenhower remained noncommittal when it came to pledging actual dollars to the OPA. During this visit, Eisenhower only spoke of the importance of private capital instead of highlighting the role of greater official assistance as hoped for by Kubitschek. For its part, the Eisenhower administration was disappointed in Kubitschek’s reluctance to take a stand against Fidel Castro—one of its main goals of the trip. Bilateral dynamics seemed to be on repeat: in both the Korean War in 1953 and the Cuban Revolution of 1959, Brazil refused to cooperate unless it received benefits up front.

OPA ultimately ended in failure due to Brazil’s insistence that it be a long-term multilateral aid program with concrete goals, and the unwillingness of the United States to agree to this vision. Yet perhaps the nail in OPA’s coffin was Fidel Castro’s hearty endorsement of the massive aid proposal—hardly the support that a program aimed principally at defeating Communism needed. In spite of his lugubrious writing to Eisenhower and his commitment as a United States friend and ally, Kubitschek left office feeling frustrated with Brazil’s relationship with the United States, believing that the U.S. State Department had sabotaged his OPA proposal. However, Kubitschek’s efforts were not in vain. Encouraged by his brother Milton who urged the United States to be more active in Latin America, Eisenhower initiated the Act of Bogotá in 1960—an agreement for a hemispheric development program which borrowed heavily from OPA.

In sum, U.S. policy toward all of Latin America was relatively consistent for both presidents Truman and Eisenhower: they opposed economic nationalism and state control of economic life, pushed for a favorable climate for private business, encouraged U.S. access to raw materials, and defined world peace and prosperity in terms of rejecting the Communist threat. They were also consistent in their lack of prioritization of Brazil. Indeed, the first decade of the Cold War was decisive for U.S.-Brazilian relations in that the idea of U.S. neglect began to take hold among Brazilians. Reinforced by the U.S. ambivalence toward economic aid and its quickly renewed interest during the Korean War, Brazil began to believe that the United States was only interested in a special relationship in the event of international emergencies. As U.S. foreign policy focused on Europe and Asia, Latin America became important only insofar as the Communist threat emerged. Further, Washington’s inability to come up with creative country-by-country policies toward Latin America alienated Brazil as it became clumped together with its neighbors.

However, Brazil’s relevance to the Eisenhower administration was bolstered by the possibility that Brazil would cooperate with Washington’s
The 1950s: Bilateral Distancing

The 1950s: Bilateral Distancing

anti-Communist policies. Secretary of State Christian Herter wrote to Eisenhower in November 1960, stressing the importance of promoting close relations with Brazil’s President-elect Quadros. Herter wrote that “Brazil’s good will and cooperation are essential to us in dealing with hemispheric problems, especially the threat of Communist subversion and the Castro influence.”44 Herter even recommended that Eisenhower send the Columbine III—Eisenhower’s personal airplane—to the port of entry into the United States to bring President-elect Quadros to Washington, and to give a dinner in his honor. Separately, the Knapp-Bohan commission was arguably a meaningful response to Brazil’s development needs, and Washington’s ambivalence toward OPA was justifiable on the grounds of it being too large and poorly planned. So, while neither Truman nor Eisenhower showed heightened interest in Brazil, leaving midlevel officials to develop much of its Brazil policy, these subordinates saw Brazil as the key to U.S. policy toward the developing world and acted accordingly. As historian Gerald Haines writes, “Despite the Europe-first orientation of a whole generation of American leaders, neither the Truman nor the Eisenhower administration neglected Latin America, especially Brazil, during this period.”45

Author Elizabeth Cobbs writes that during the 1950s, the United States failed to provide Brazil rewards for being its ally. “Brazilians would continue to knock at the door of the U.S. government, but as the decade progressed there was little sense that it was any longer the door to the house of a friend.”46 Yet we must be careful not to equate lack of aid with lack of policy attention. By 1950, aid had been lowered significantly from wartime levels, but this was partly in response to the economic-development policy choices made by Vargas and Kubitschek. The Eisenhower administration made the legitimate policy decision that increased funds would not be spent well by Brazil. Further, Brazil was still very much part of the executive policy dialogue. Examples abound. For instance, a 1950 State Department memo called for increased engagement with Brazil, writing that while Foggy Bottom had “very serious reservations over an apparent tendency on the part of some Brazilians to measure the degree of our friendship according to the amount of loans which we extend, there is no doubt that in our own self interest we could show Brazil the way to working out a more positive and dynamic program of development.”47 Another State Department official wrote in the mid-1950s that “the maintenance of close and friendly relations with Brazil has become a keystone of our Latin American policy because: Brazil is the one Latin American country on the verge of emerging as a world power; its geographic location is of great strategic significance; and its vast territory contains a wealth of virtually untouched resources.”48 There are countless other examples of long and detailed policy memos to President Eisenhower regarding U.S. relations with Brazil. So, while sustained attention to Brazil was illusive during this early Cold War period,
with policy makers more often than not focused on Europe and Asia, high-level attention to Brazil was by no means nonexistent. The fact that secretaries of state John Foster Dulles and Christian Herter, Vice President Nixon, and President Eisenhower himself all visited Brazil is telling of the valuable role they felt Brazil could play in their anti-Communist struggle.

It is also important to reconcile two competing claims regarding the United States and Brazil during this time period. Most of the literature dealing with U.S. relations with Brazil in the postwar era has in common the acceptance that the U.S. government and private businesses penetrated Brazil in some fashion. According to this view, actions ranging from covert CIA involvement in Brazil to exploitative U.S. business interests served to penetrate Brazil and meddle in all aspects of Brazilian development. However, just as many authors claim that the United States neglected its southern neighbor during this time. Because of the United States’ focus on European recovery, Brazil was far from the radar screen of the U.S. government. Walter Rostow—an Eisenhower critic—writes that Latin America was “protected by geography and the Monroe Doctrine from all but occasional involvement in the world’s power struggles,” and therefore “the inevitable periods of vicissitude and crisis” in Latin America “rarely raised issues which seriously touched the American national interest.”

These alternating accounts between U.S. intervention on the one hand and neglect on the other are not necessarily mutually exclusive. In fact, you could say the U.S. relationship with Brazil comprised both. Washington expressed fits and starts of policy attention—Nixon nearly loses his life in Caracas, and an immediate policy review was passed by the Senate resulting in the Draper Committee to reshape foreign policy; the Korean War begins, and additional aid flows to Brazil; Fidel Castro overthrows the Batista regime, and another wave of high-level visits to Brazil occurs. Surprisingly, perhaps, all indications show a deep institutional interest in Brazil; most individuals in the foreign policy-making establishment—specifically the State Department—dearly wanted closer relations with Brazil. However, given Brazil’s feeble support for Washington’s most important foreign policy positions, Washington’s attention proved sporadic. During the 1950s, we see nearly opposite foreign policy priorities of the two countries. Historian Stanley Hilton depicts the U.S.-Brazil relationship during the immediate postwar period as two ships passing in the night, with Brazil focusing only on economic development and the United States consumed with the fight against Communism. Describing the discussions between Secretary of State Dulles and President Kubitschek, he writes that Dulles, “a tenacious, intransigent debater almost incapable of compromise, insisted on channeling conversation toward the Communist threat and even proposed a bilateral anticommmunist agreement, whereas Kubitschek pounced on a familiar theme of economic development as the path to
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hemispheric security." Brazil did not share Washington’s deep fear of global Communism. So, bigger than simply the problem of the United States neglecting Brazil, Washington’s blind focus on the Communist threat coupled with Brazil’s drive for economic development resulted in incompatible foreign policy goals and little room for cooperation on mutually prioritized endeavors.

NOTES

2. “Memorandum for the President, October 6, 1950,” Harry S. Truman Library, White House Central Files, Confidential Files.
3. “Memorandum of Conversation, by the Secretary of State, 9 October 1950,” FRUS, 1950, 2:775.
4. “The Assistant Secretary of State for Inter-American Affairs (Miller) to the Ambassador in Brazil (Johnson),” FRUS, 1950, 760–761.
7. The request came to be known as “the Vargas Document.” See FRUS, 1951, 2:1184–1188.
15. Time, 14 March 1955, 95.
23. Weis, Cold Warriors and Coups D'état, 70.
32. The principal tool was PL 480, a food surplus sale program in which Brazil paid cruzeiros for the commodities and these cruzeiros were returned to Brazil's National Development Bank (BNDE).
40. Department of State Memorandum of Conversation, "President's Good Will Trip to South America," 23 February 1960.
47. "Memorandum for the President: Appointment with Brazilian Ambassador," Papers of Harry S. Truman, White House Central Files, Confidential Files, 6 October 1950.
The inauguration of John F. Kennedy in February 1961 and his announcement of the Alliance for Progress the following month brought a renewed hope that Brazil might finally receive sustained positive attention by Washington. Describing Latin America as “the most critical area in the world today,” Kennedy expressed real concern for the region and was resolved to promote sound development in Latin America. As the Communist threat appeared to grow in Brazil during the first half of the decade, this interest developed into a fearful concern, and Brazil for a short time became center stage in Washington’s war against Communism. Given Brazil’s shaky financial position and strategic location, Kennedy didn’t want to “lose” Brazil as it had lost Cuba. Further, this unfavorable outcome seemed an increasing possibility given the revolutionary environment in Brazil after the Cuban Revolution.

Fearing that as goes Brazil, so goes the rest of Latin America, the Kennedy administration was determined not to let Brazil be taken over by the Sino-Soviet bloc. The “Task Force on Latin America” was established, led by former assistant secretary of state and ambassador to Brazil Adolf Berle. Its goals were to channel the revolutions going on in Latin America in the proper direction. And on March 13, 1961, President Kennedy proposed the Alliance for Progress—a new program of financial support for Latin America, unprecedented in its size, focusing on combating social and economic inequality. The charter for the Alliance for Progress was signed in Uruguay in August 1961 by all Latin American countries save Cuba. Kennedy’s program marked a dramatic shift away from Eisenhower’s focus on the use of private capital to meet foreign aid needs. Instead, the alliance relied on official bilateral aid to meet the concomitant goals of economic development, increased
social equality, and political liberalization—goals which the Kennedy administration believed were all related. One of the alliance’s main objectives was to preempt Che Guevara–inspired revolutionary movements in the rest of Latin America—especially Brazil. Hence, nation-building comprised a key element in Kennedy’s Latin America policy. To jumpstart the program in Brazil, Food for Peace director George McGovern and presidential assistant Arthur Schlesinger visited Brazil’s northeast to offer food relief in February 1961. A larger balance-of-payments support package totaling $648 million from the U.S. government and the International Monetary Fund (IMF) was announced in May 1961—one of the largest aid packages ever assembled.

At the same time that development aid was dramatically increasing, U.S. military aid to Brazil also made a subtle yet significant change. Rather than providing aid to protect from external enemies as it had during World War II, its purpose was now to bolster the Brazilian government against the internal Communist threat. As General William Enemark, a Defense Department director, testified in 1962, the Kennedy administration was endeavoring to

provide the essential arms, transportation, and communications necessary to ensure that mobile and effective forces will be available to preserve internal security when called upon. Well-disciplined and well-trained Latin-American armed forces, led by men of moderate views, will provide the stability and degree of internal security which are necessary to economic and social development and to the success of the Alliance for Progress.

However, the United States was now dealing with a different type of partner than that during World War II. At the same time that the Kennedy administration was taking a keen interest in the internal political developments of Brazil, Brazil’s foreign policy veered sharply away from pursuing the unwritten alliance with the United States. The tables had seemingly turned, as Washington was eager to engage its now increasingly aloof southern neighbor. Brazil’s “independent” foreign policy, started under President Jânio Quadros in 1961, focused on economic independence through domestic control of the economy, and policy autonomy. It was neither confrontational nor pro-Soviet by design, but rather acknowledged that the Cold War held no significance for Brazil. Accordingly, it abandoned the pursuit of the evasive special relationship with the United States and pragmatically aimed to increase ties with Eastern Europe and the Third World as it met Brazil’s development needs. Specific measures included resuming diplomatic and commercial ties with Cuba and the Soviet Union, casting anticolonial votes in the United Nations, and developing a closer relationship with the nonaligned countries.

Relations between the U.S. Embassy in Rio de Janeiro and Itamaraty were cordial in the early 1960s, but Washington’s relations with President Quadros were strained throughout his short-lived presidency. Consistent with his
independent foreign policy, Quadros was aloof to U.S. overtures of friendship and cooperation, dismissing an invitation to visit Washington upon first being elected in late 1960. Adolf Berle—special envoy from President Kennedy—visited Quadros a few weeks after his inauguration in January 1961 in order to ask for Brazil's support for the Bay of Pigs invasion, then scheduled for April of that year. He might have predicted coming home empty-handed upon seeing two new decorations in the presidential palace: a photograph of Yugoslavia's Tito and a statue given to Quadros by Che Guevara. While not directly offering a quid-pro-quo deal, Berle repeated the U.S. offer of $100 million in foreign assistance in the same conversation as his urging Quadros to isolate Cuba. Quadros declined the offer, which he deemed insufficient to tackle Brazil's problems. Reportedly, Quadros was irked by the meeting, allegedly even refusing to shake Berle's hand when he saw him out of his office. While this icy exchange has never been confirmed, the direction of Brazil's foreign policy was clarified later that year when Quadros invited Tito to visit Brazil, received a goodwill mission from the Soviet Union, and awarded Che Guevara Brazil's highest decoration for foreigners, the Cruzeiro do Sul.

Back in Washington, policy makers were concerned that U.S. economic assistance was merely financing Quadros's wooing of America's enemies. This overall distrust between the two countries was embodied in the cold relationship between President Quadros and U.S. Ambassador John Cabot. Cabot did not trust Quadros, feeling that he was uncommitted to financial reform and was squandering U.S. aid. The U.S. ambassador reportedly felt that Quadros was not committed to cleaning up Brazil's financial mess and would opt instead to appeal to Brazilian nationalism. He described Quadros as someone who "spent his time plucking the Eagle's feathers," and recommended that the Brazilian president be kept on a "short leash." Concern was also expressed by the CIA and the Defense Intelligence Agency that Quadros was vulnerable to Communist influences. But these recommendations were overruled by President Johnson and Secretary of State Dean Rusk who after the Bay of Pigs felt they should give Quadros the benefit of the doubt. Accordingly, $100 million in new credits were extended in May 1961—the first such loan to Brazil in two years.

Despite his alleged claim that he would leave the presidency only if dead or forcibly ejected, Quadros resigned on August 25, 1961, less than seven months after taking office. Citing the belligerency of an entrenched opposition, he believed that the military would step in and reinstitute him as the head, thereby strengthening his hand. Instead, a two-week period of succession turmoil ensued in which most of the Brazilian military worked to stop Vice President João "Jango" Goulart from taking office, while others on the left supported the constitutional succession of Goulart. The result was a compromise reached in September in which the Brazilian Congress created a modified parliamentary system, with Tancredo Neves as prime
minister and Goulart as president. Whatever concern Washington had with Quadros turned to panic when Goulart took over. As Vargas’s labor minister in the 1950s, he instituted a 100 percent increase in wages; he had close contact with the labor unions and was extremely popular with Brazil’s lower class.

That said, the Kennedy administration was resigned to work with the Goulart administration. In January 1962, Deputy Assistant Secretary Richard Goodwin wrote in a memo for Secretary of State Dean Rusk that “the political situation in Brazil is extremely precarious. We have no choice but to work to strengthen this government since there appears no viable alternative.” It was agreed to work with Goulart and try to steer him toward the political center. Consequently, Goulart was invited to come to Washington and met with Kennedy in April 1962, a cordial visit that improved his image both in Brasilia and in Washington, D.C. An important reflection of the U.S. dedication to work with Goulart was the Northeast Agreement of April 1962 and the resulting economic aid program which formed the basis for the creation of the Alliance for Progress in Brazil. The agreement spelled out that the United States Agency for International Development (USAID) and the recently formed Superintendencia do Desenvolvimento do Nordeste (SUDENE) would work together to help meet the urgent development needs of Brazil’s northeast through a five-year aid program. However, whatever U.S. commitment there was to eradicating poverty in the region was undermined by the U.S. government’s overriding concern with addressing Brazil’s Communist threat. Growing conflict and suspicions of SUDENE made cooperation between the two agencies impossible, and the aid program became more a tool to achieve Cold War goals than to modernize Brazil’s northeast.

Also revealing Brazil’s importance to the White House during this time, Lincoln Gordon started his post as U.S. ambassador to Brazil in late October 1961, shortly after Goulart became president. Gordon ended up having tremendous access to President Kennedy, meeting personally with him every few months in Washington. Gordon has been described as having “superambassadorial power and influence” both in the United States and Brazil. As an influential advisor on the Marshall Plan and a professor at Harvard University, Gordon was a respected intellectual, was extremely knowledgeable of Brazil, and—perhaps most importantly—had unprecedented access to the U.S. president.

**HEIGHTENED U.S. INVOLVEMENT IN BRAZIL**

The tenures of Ambassador Gordon and President Goulart marked the beginning of a significant shift in U.S. engagement and involvement with
The rapidly growing fear of the Communist threat in Brazil and the concomitant Alliance for Progress programs naturally translated into increased U.S. involvement and presence in Brazil. In hindsight, for the first time in the history of U.S.-Brazil relations, there was not a critique of insufficient attention paid by Washington to its southern neighbor, but rather that there was too much interest—to the extent of becoming overly involved in Brazil's domestic affairs.

One of the first examples of this involvement was the U.S. connection with Brazil's congressional and state elections in October 1962. The CIA along with U.S. private companies allegedly financed the Brazilian Institute of Democratic Action (IBAD, Instituto Brasileira de Ação Democrática), a public institution serving as a conduit of funds to electoral campaigns. IBAD recruited and funded the campaigns of hundreds of candidates in the October 1962 congressional and state elections. U.S. government resources were channeled to those projects that would boost the standing of conservative gubernatorial candidates running against Communists. Lincoln Gordon later stated that he wouldn't be surprised if $5 million was spent. While IBAD's ties to external sources of funding were never proved, its offices closed in October 1963 by decree after evidence of illegal activities.

Directly after the 1962 elections, Kennedy sent a group of advisors to Brazil to report and advise on U.S. policy toward Brazil. Comprising individuals from various government agencies, including the CIA, Defense Department, and USAID, the mission was referred to as the “Draper Team,” as it was headed by Republican businessman William Draper. The final report described a country on the brink of financial collapse, headed by an unpredictable leader who would have no qualms about turning to the Soviet bloc. The Draper Team advised President Kennedy to postpone his planned visit to Brazil for fear that it would be interpreted as an endorsement of Goulart's actions; it also advised against any further economic assistance until an IMF-sanctioned plan was in place. While the administration ultimately decided to continue aid per Ambassador Gordon's suggestion, Washington's suspicion and distrust in Goulart intensified.

In lieu of a personal visit by President Kennedy, the administration decided to send Robert Kennedy to Brasilia to meet Goulart in December 1962. Lincoln Gordon had reported increased Communist infiltration in Petrobrás and was concerned about appointments made to Goulart's inner circle of advisors. Goulart's open opposition to the United States on several bilateral and hemispheric issues exacerbated these worries as Goulart was seen as an impediment to the successful implementation of the Alliance for Progress. Robert Kennedy relayed his brother's concern to Goulart about Communist infiltration in Brazil as well as the risk of an overall slide to extreme leftism and accompanying inflation and chaos. He also reportedly
told Goulart to expect no more U.S. aid until Brazilian deeds began to match Brazilian promises in terms of inflation, fiscal reform, and terminating expropriations of foreign firms. Goulart did his best to convince Kennedy that any Communist infiltration was manageable and that the situation would soon improve in Brazil with the end of the parliamentary system in January 1963.

Several months later, Goulart shuffled his cabinet and announced a Three Year Plan to tackle inflation—a strategy that was sanctioned by the United States as well as the IMF. While there was doubt back in Washington of Goulart’s ability to carry out such an austerity program, Goulart secured a USAID loan for $398.5 million in April 1963. However, only $84 million was available immediately, with the rest contingent on Brazil’s future anti-inflation performance. This, of course, never materialized as, in response to widespread domestic discontent, Goulart yet again shifted his cabinet in June 1963, thereby signifying the death of the Three Year Plan. It was during this time that the Kennedy administration adopted its “Islands of Sanity” strategy under Assistant Secretary of State Thomas Mann. Rather than overall balance-of-payments support or other aid that would benefit the federal government directly, economic assistance would now support local states which were headed by good governors which the U.S. government felt would strengthen democracy. Cynics saw the policy as a way to undermine the Goulart administration by funding anti-Communist candidates. The aid policy was later defended by Ambassador William Rountree who explained that U.S. aid was given to those areas where the U.S. government felt it would be most effective. “If this meant concentration of aid programs at state levels or in particular areas, there was at the same time no lack of disposition on our part to undertake programs in areas of more direct and immediate concern to the Central Government if conditions had been established which would make it possible to proceed.” Still, Washington made it no secret that it planned, if not to undermine, to at least circumvent the Goulart administration.

### BRAZIL’S 1964 MILITARY COUP

Amid the greater context of the McCarthy era in the United States, U.S. officials and pundits alike believed that Goulart was either a Communist, a Communist sympathizer, or simply ignorant of the Communist conspiracy occurring throughout the world. According to a 1963 Wall Street Journal editorial, Goulart was a “desperately devious, totally ambitious figure whose aim is to seize permanent power and run a fascist state.” On top of general Communist support and infiltration of public institutions, Goulart’s actions in the spring of 1964 heightened U.S. worry about the fate of Brazil and confirmed the fears of Goulart’s worst critics. Responding to increasing political polarization, a rapidly declining economy, and weakened support,
Goulart planned a massive rally in Rio de Janeiro on March 13, 1964. It was at this rally that Goulart made a decisive shift to the left, announcing that he had just signed two major decrees. The first nationalized all private oil refineries; the second outlined the expropriation of “underutilized” lands of over 1,200 acres located within ten kilometers of federal highways and railways. Lands of at least seventy acres within ten kilometers of federal dams or drainage projects were also subject to expropriation. He also called on Congress to pass other “basic reforms,” including the legalization of the Communist Party, and announced future plans for decrees on rent control and new legislation to allow illiterates to vote, which would nearly double the electorate. Taking direct attack on the “exploitation” by domestic as well as foreign enemies, his actions struck fear in Washington.

Goulart’s radical policies exacerbated tensions in the already polarized Brazilian society, especially given deepening economic pressures. His actions convinced his critics that he had irrevocably abandoned the democratic process. The Brazilian Congress even deliberated impeaching Goulart shortly after the rally for publicly preaching the “subversion of public order.” Strong sentiments both opposing and supporting Goulart radicalized Brazilian society, opening up the possibility for the first time in decades of a civil war. Given the calls for a violent uprising organized by Leonel Brizola, Goulart’s brother-in-law, and the calls by Brazil’s principal labor union for dramatic change, the U.S. Embassy felt that some sort of uprising was imminent.

However, the Johnson administration did not believe that a military coup was inevitable, and it certainly did not deem it desirable. “Like the Brazilian opposition, we hope the ship of state can stay afloat until the elections,” wrote Lincoln Gordon in March 1964. He also wrote that the best option for the United States would be legitimate elections that were scheduled to be held in October 1965. U.S. policy even after the March 13 rally was to support the democratic process. However, State Department officials did believe that Goulart was working toward a Peronista type of a revolution. As Gordon wrote in March 1964, Goulart was “definitely engaged on a campaign to seize dictatorial power,” and if he were to succeed, Brazil would most likely “come under full Communist control.” Needless to say, by mid-1963, the deterioration in U.S.-Brazilian relations was palpable.

This alarm and concern with the direction of Brazil was a constant for both the Kennedy and Johnson administrations. However, when President Johnson succeeded Kennedy in November 1963, it did not appear that he would continue the same level of interest in Brazil. At the beginning of the Johnson administration, Gordon expressed surprise that business was not as usual with regard to his access to the president.

After all, there I was, ambassador in the largest of the Latin American countries, and one which was in a pretty turbulent state, with various explosive
potentialities. But Tom Mann said, "No, things are different now. After all, the
President’s only been in office for two months, and he’s terribly preoccupied
with all kinds of things."26

Given the immediate demands of Panama and Vietnam, it did not look
like Brazil would be a priority for the new administration, despite the fact
that Secretary of State Dean Rusk, someone who had consistently expressed
interest in and knowledge of Brazil, maintained his post. However, this
lack of executive-level interest quickly changed in response to the rapid
pace of political deterioration in Brazil. By the end of March 1964, U.S. of-
ficials expressed genuine fear of a Communist revolution in Brazil. Gordon
wrote on March 28—three days prior to the military coup that deposed
Goulart—that

there is a real and present danger to democracy and freedom in Brazil which
could carry this enormous nation into the Communist camp. If this were a
country of less strategic importance to the U.S.—both directly and in its impact
on all Latin America—we might suggest a further period of watchful waiting in
the hope that Brazilian resistance unaided would take care of the problem. . . .
The power of Goulart to sap and undermine resistance is so great, however,
that our manifest support, both moral and material and even at substantial
cost, may well be essential to maintain the backbone of Brazilian resistance.27

U.S. officials were convinced of the very real and present Communist
danger in Brazil. Assistant Secretary of State Thomas Mann, in a May 1964
congressional testimony, said, "We were aware in January [1963] by the
time I got there—I do not know how much earlier—that the erosion toward
Communism in Brazil was very rapid."28 Even stronger, Gordon was con-
vinced that if left unstopped, Goulart would create a Communist regime.
When testifying in front of the Senate Committee on Foreign Relations in
February 1966, Gordon reflected on Goulart’s desire for a personal dictator-
ship. When he was asked by Senator Morse (D-OR) if Goulart sought to “set
up a personal dictatorship of the El Benefactor type,” Gordon responded,
“Oh yes, without any question whatsoever.”29

By late March, Washington had entered crisis mode, dedicating perhaps
unprecedented manpower to Brazil. President Johnson instructed Dean
Rusk that “under no circumstances should Brazil be allowed to go Com-
munist.” His cabinet did everything to ensure that this would not happen.
In an operation dubbed “Brother Sam,” the Joint Chiefs of Staff agreed to
(1) dispatch U.S. Navy tankers to Brazil to deliver petroleum; (2) dispatch
a naval task force consisting of an aircraft carrier, four destroyers, and two
destroyer escorts; and (3) assemble a shipment of 110 tons of ammunition
including tear gas for mob control.30 Johnson was personally involved in
every decision, believing that the events in Brazil would affect the entire
region. He even returned early to Washington from Texas on March 30, 1964, stating, "I don't see anything to be gained to be in Johnson City with the Hemisphere going Communist." He reiterated this point the next day when he told Undersecretary of State Ball, "I think we ought to take every step that we can, be prepared to do everything we need to do, just as we were in Panama, if that is at all feasible." 

However, as determined as Johnson was to keep Brazil on the right side of history, he did not want to prematurely commit the United States to the anti-Goulart camp. Johnson did not want to get involved with any opposition movement in Brazil unless there was a critical mass willing to move against Goulart. As Undersecretary of State Ball asserted, "We don't want to get ourselves committed before we know how the thing is going to come out." Johnson wanted to ensure that anti-Goulart forces—which included governors of Brazil's largest states, members of Congress, much of the middle class, and the traditional right—did not lose ground. But he clearly did not want to single-handedly overthrow the Goulart regime. It was a very fine line, one that the Johnson administration perhaps ultimately failed to walk. A key question that was posed multiple times during these precoup days was whether momentum would continue on the anti-Goulart side without either overt or covert encouragement from the United States. When it became clear that the anti-Goulart momentum had solidified and that overt U.S. support would only play into Goulart's hands by giving him an anti-Yankee banner, Johnson called the intervention off. In the face of unified military pressure and wanting to avoid bloodshed, Goulart resigned on April 1, 1964, seeking exile in Uruguay. It was a rapid and peaceful coup. And on April 3, McNamara and Rusk agreed to turn the task force around after clearing the decision with President Johnson.

All told, the Johnson administration was publicly pleased with Goulart's departure. The nearly bloodless coup was widely acclaimed as a victory for peace and democracy. Lincoln Gordon declared that the new Brazilian government had rejoined the free world, and predicted that "future historians may well record the Brazilian revolution as the single most decisive victory for freedom in the mid-20th century." President Johnson sent a congratulatory message to acting President Mazzilli on April 2 expressing warmest wishes and admiring "the resolute will of the Brazilian community to resolve these difficulties within a framework of constitutional democracy and without civil strife."

**DEGREE OF U.S. INVOLVEMENT IN THE COUP**

Lincoln Gordon testified in 1966 that "the movement which overthrew President Goulart was a purely 100 percent—not 99.44—but 100 percent
purely Brazilian movement. . . . Neither I nor other officials of the U.S. government . . . in any way, shape, or manner was involved, aiding and abetting or participating.38 However, historians and political scientists alike widely claim that Washington was the driving force behind the coup. It was deemed an axiom, based on the close contacts between the two militaries and the immediate U.S. embrace of the new government, including formal recognition as well as economic aid.39 It is not within the scope of this study nor is it this author’s aim to dissect the minutiae of U.S. involvement in the coup. Nor will this book aim to debunk existing theories—either from the right or the left—of the ultimate impact U.S. policy ultimately had. However, an overview of what these theories are and what we know of Washington’s involvement merits analysis.

One line of thought regarding U.S. involvement is that, at the very least, Washington was an indirect catalyst of the military coup through its selective use of economic aid. The United States showered aid upon the subsequent military regime, but not upon Goulart’s administration. Ruth Leacock, for example, argues that Goulart was doomed to fail from the start and that if Washington had shown more support and patience, his policies could have succeeded.40 There is also the view that the War College and general military assistance programs actually brought about military conflicts in Latin America. This logic was summarized well by Brigadier General Bonner Fellers in a 1961 congressional testimony in which he described that upon their return home from training in the United States, the outlook of young Latin American officers changes.

Their governments appear inadequate, sluggish, and antiquated. They find U.S. dollar handouts have bred corruption in high places. They form a clique separate and apart from others. Convinced that they could run their country far better than their present Chief of State, they plot his overthrow. With weapons and training which we have provided, they have the means to take over the government by force. Thus, our military assistance programs are creating potential military dictatorships.41

The role of Vernon Walters—Lincoln Gordon’s military attaché—in Brazil’s coup reinforces the theory emphasizing the connection between the U.S. and Brazilian armed forces. Walters had served as liaison officer with the Brazilian Expeditionary Force in Italy during World War II and was, according to Ambassador Tuthill, on “intimate terms with the Brazilian military.”42 He had developed a close friendship with then-Lieutenant Colonel Castelo Branco, one of the future planners of the coup, and reportedly wired full details of the coup plan to Washington a week before it took place.43 CIA agents as well as Defense Department attachés regularly reported on the pending conflict. So, while not a direct sponsor of the military rebels, the U.S. Embassy had prior knowledge of the upcoming coup.
On the other side of the debate, it is argued that, yes, the United States was prepared to support the coup, but this fact is moot given that this contingency never took place. Further, U.S. military aid generally inculcates the tradition of a nonpolitical military that reports to the president, thus serving as a positive influence. It is agreed that the United States overestimated the Communist presence in Brazil, but given Goulart's actions and the trend of the region, this was not at all clear at the time. It was not, as some argue, an "imagined Communist threat."44

What we do know is that while the United States did not overtly encourage Brazilian generals to undertake a coup or promise assistance to the anti-Goulart forces, the embassy made it clear that support would have been available if needed. Official documents reveal that Johnson was personally involved in the decision to support the Brazilian military if necessary, and that an aircraft-carrier task force with ammunition and fuel was within days of the Brazilian coast with the express purpose of supporting anti-Goulart forces. The size of the U.S. military presence in Brazil during this time is telling. Brigadier General Clarke McCurdy, who worked under General Walters in Brazil in the mid-1960s, described how the U.S. military occupied the entire top floor of the Brazilian Army Ministry. He described a U.S. military with an extraordinarily strong presence, explaining that it "exercised a great deal of influence. . . . Really the U.S. military presence was overwhelming."45 The ultimate impact of this contingency on the mindset of anti-Goulart elements within Brazil, or even the extent of their knowledge of this, is another question. But it is safe to say that knowledge of the U.S. safety net emboldened the Goulart opposition.

A NEW U.S. ALLY: CASTELO BRANCO

It is better to have a strong regime in power than a liberal government if it is indulgent and relaxed and penetrated by Communists.

—George Kennan

The new military government headed by General Castelo Branco—a coordinator of the coup and representative of the moderates in the Brazilian armed forces—was immediately recognized by the U.S. government. Castelo Branco adopted a policy of total alignment with the United States, breaking off relations with Cuba, passing a liberal profit remittances law, and sending 1,200 troops as part of the Inter-American Peace Force to the Dominican Republic in 1965. Castelo Branco also expressed his government's support for U.S. actions in Vietnam, and Brazil, while falling short of providing troops, was the only country in Latin America to offer other assistance such as supplies and a medical team. In a July 1966 letter to
President Johnson, Branco wrote that Brazil’s “solidarity with the United States in the face of the Vietnamese problem is complete.” An interesting anecdote reveals that Brazil’s support was effortlessly received by the Johnson administration. After the U.S. intervention in the Dominican Republic on April 27, 1965, Johnson dispatched Ambassador-at-large Averell Harriman and a team of advisors to Latin America to explain the decision and garner support. Before Harriman arrived, military attaché Vernon Walters had met with Branco to set the stage. When Harriman landed at the Brasilia airport, Walters handed Harriman a note: “Don’t push too hard. The door is open.”

Increased economic assistance was almost immediate and was no longer limited to Brazil’s “islands.” A few days after the coup, the Inter-American Development Bank approved a series of loans to the Castelo Branco regime and extended an emergency loan of $50 million from Johnson’s contingency fund in June 1964. Aid to Brazil by the IMF, USAID, the Export-Import bank, and private sources shot up from an average of $22 million in fiscal years 1962 to 1964, to an average of $97.7 million in the next three years. This aid was bolstered by Branco’s tough economic program of stabilization and reform, coming in spite of the absence of any return to democratic rule as previously recommended by the State Department.

One reason U.S. support was so quickly forthcoming was that the 1964 coup was not viewed by Washington as the traditional Latin military coup, but rather as the combined effort of governors, government officials, and the military to sustain democracy and stave off political and economic disaster. The Johnson administration viewed the military as a defender of democracy and believed in the institution’s role as an apolitical supporter of democratic institutions. Further, Lincoln Gordon viewed Marshal Castelo Branco as a “highly competent, discreet, honest, and deeply respected officer who has strong loyalty to legal and constitutional principles.”

Indeed, the Johnson-Branco years marked a return to the special relationship of decades prior, based on what General Golbery do Couto e Silva, a military intellectual and mastermind behind the coup, called the “barganha leal”—the loyal bargain in which the United States provided military and economic assistance in exchange for Brazilian support. From 1964 to 1970, Brazil became the third largest recipient of U.S. aid. Clearly, Brazil had become a policy priority. The renewed closeness in bilateral relations was reinforced by personal connections between policy makers in each country: Vernon Walters and Castelo Branco fought together in battle and were friends and confidants; Lincoln Gordon and Planning Minister Roberto Campos worked closely together and held each other in high esteem.

Washington’s confidence in the moderating influence of the Brazilian military turned to concern almost immediately after Branco passed Brazil’s First Institutional Act on April 9, 1964. The decree revoked legal guarantees and job tenure for six months and allowed the military to suspend the po-
political rights of any individual for ten years, including all legislators. Several
lists of individuals appeared, numbering almost three hundred individuals
in total—including prior presidents Kubitschek, Quadros, and Goulart—
whose political rights were canceled for ten years. Lincoln Gordon—
perhaps the biggest proponent of the new regime—confessed “considerable
dismay” at the course of events. However, he and the U.S. government gave
Branco the benefit of the doubt, understanding that in the remaining one
and a half years in Goulart’s term, temporary exceptional powers might be
helpful in addressing entrenched corruption and economic reform.

The Second Institutional Act, announced by Branco on October 27,
1965, delayed for one year the elections scheduled for that month, dis-
 solved existing political parties, and augmented the government’s power
to intervene in states’ affairs, to declare a state of siege, and to recess the
Congress. Still, Gordon believed Branco was a moderating force and an ally
of the United States, writing that the act “represents a severe setback in our
own hopes, which I believe have been fully shared by Branco himself.” He
advised that the Johnson administration issue a public statement express-
ing concern, but one that would “strengthen [Branco’s] hand in resisting
hard line pressures . . . and at the same time to indicate continuing broad
support of [Brazil’s] economic policies and program.”52 The recommended
statement, extremely mild in its content, expressed confidence that Branco
would apply the measures with moderation and restraint, and hope that
Brazil’s economic progress would continue. Gordon believed that Branco
was merely trying to pacify the hawks in the military while buying time for
his stabilization program to take effect.

Secretary of State Dean Rusk concurred, asserting that the correct tact
was to personally express disdain to Branco but to maintain a less critical
stance publicly. This was a perceived struggle between the U.S. government
and Castelo Branco on one side, versus the Brazilian hardliners on the
other. The secretary of state asked for Gordon’s advice on ways to use both
economic and military assistance to persuade the Brazilian military leaders
to “pull back from their apparent commitment to increased authoritari-
anism.”53 The success of the Alliance for Progress—the core of U.S. Latin
America policy—was on the line and required a stable yet democratizing
Brazilian government. “The Alliance for Progress and many of our hemi-
spheric policies and programs can only be effective with the cooperation of
a Brazilian government that is following progressive policies and avoiding
the extremes of both the right and the left,” wrote Rusk.54

So, in spite of rapidly growing authoritarianism, Washington still
engaged, perhaps even embraced, Castelo Branco. In a September 1966
meeting between Secretary of State Rusk and Foreign Minister Magalhães,
the latter reiterated that the “unwritten alliance with the U.S. remained
the cornerstone of GOB foreign policy.” Rusk agreed that these strong
relations between the two countries were "essential." Gordon even referred to the Branco regime as "a transitional regime with some exceptional arbitrary powers which is moving very rapidly in the direction of full constitutional normality." Historian Gerald Haines believed that the United States was caught up in a myth that the Brazilian military would uphold democracy. Most American officials believed that "the Brazilian military formed the core of stability in that country. It was the upholder of the democratic order and, although somewhat overly nationalistic, the promoter of free enterprise. . . . The military played a moderating role in the national life." 

In hindsight, we know that it took twenty-one years for this constitutional normality to transpire, and it occurred in spite of, not due to, the Brazilian military. It is also clear that the U.S. government should have distanced itself from Brazil's military regime much earlier and with more force. It was not until mid-November 1965—more than a year and a half into Brazil's military rule—that Gordon recommended that Johnson come out with a harder public line, writing that the "risk of not making clear our views is that it could lead to the miscalculated assumption there is no limit to USG toleration of arbitrary abuse of power by GOB." Gordon later conceded that the Johnson administration should have distanced itself from Castelo Branco immediately after the First Institutional Act, even though this would not have pushed Brazil to liberalize. And in December of 1968, Rusk admitted the U.S. error in not "drawing back further from our close association and public identification with the Castelo Government."

However, it is important to acknowledge that while Washington and the U.S. Embassy certainly could have done more to put pressure on Castelo Branco, there was shock and disappointment in the direction Brazil was going and a sincere effort to turn it around. This was not merely an anti-Communism policy that turned a blind eye to inconvenient but necessary extremism. Rather, U.S. policy toward Brazil at the time reflected the decision by Gordon, Rusk, and the president himself to prompt change in Brazil through engagement as opposed to isolation, and to wait quietly on the sidelines, refraining from publicly denouncing the dictatorial trend. Whether or not it was a myth, policy makers felt that this military regime would—like all others previous to it—step aside and return to the barracks.

**COSTA E SILVA AND RELATIONS COOL**

We had to sacrifice some of the nonfundamentals to preserve the fundamentals.

—Costa e Silva
Another indirect election by Congress brought Artur Costa e Silva, Castelo Branco’s war minister, to the presidency in March 1967 for a five-year term. Costa e Silva and Johnson had much in common: Costa e Silva referred to his and President Johnson’s “gaucho” common bond, and Johnson told his advisors that if he had to single out one of the various Latin American presidents to be a companion in a war trench under fire or on a life raft in heavy seas, he would choose Costa e Silva.61 However, in spite of their compatible tough personalities, Costa e Silva’s tenure saw a widening gap between the United States and Brazil. Brazil withdrew support from the Inter-American Peace Force in the Dominican Republic. Moreover, Costa e Silva’s foreign minister publicly advocated a “noninvolvement” policy on Vietnam and called for a clause in the Non-Proliferation Treaty allowing testing for peaceful purposes. Costa e Silva stated that while Brazil repudiated the spread of nuclear weapons, it was imperative that “no immediate or potential obstacles” to the peaceful use of nuclear technology be created; such a situation would signify Brazil’s “acceptance of a new form of dependence surely incompatible with [Brazil’s] aspirations for development.”62

Several other policy changes in Brazil widened the gulf with the United States. Costa e Silva abandoned Castelo Branco’s disciplined economic program. While inflation continued to fall, Costa e Silva oversaw a large depletion of foreign exchange reserves, a significant budget deficit, and a rapid expansion of private credit. Separately, taking advantage of the United States’ declining international legitimacy given the Vietnam quagmire, he felt comfortable to no longer serve as an automatic ally for Washington, showing more reluctance, for example, to support the United States in international forums such as the United Nations. Moreover, in early 1966, John Tuthill replaced Lincoln Gordon as ambassador after his nearly five-year tenure.63 Importantly, one of the U.S. government’s most vocal champions of the military regime was gone. Marking a dramatic departure from Gordon’s expertise on Brazil, Tuthill knew little about the country and initially resisted the request to move to Brasilia. When asked if there was any reason why he shouldn’t be ambassador to Brazil, Tuthill proclaimed “total ignorance of Brazil, total ignorance of all South America, total ignorance of the Portuguese language, no intention to correct these deficiencies. . . . If these are not insurmountable, obviously I am just what you are looking for.”64 Experience or interest aside, Tuthill’s previous experience administering Marshall Plan resources in Europe was valued in administering what was in 1966 an annual $300-million aid program in Brazil.

Another factor creating more distance between Washington and Brasilia was the steady increase in the military rule’s authoritarian tendencies. The last Institutional Act of December 14, 1968, was similar to its predecessors, but more lethal in that it lacked an automatic expiration date. A CIA report described the act as stripping “away any pretense of constitutional
government in Brazil. U.S. policy toward Brazil was to strike an almost impossible balance—to avoid complacency toward Brazilian democrats while also avoiding inadvertently pushing Brazil’s military leaders into further repressive acts. The Department of State held that Brazil’s history of moderation ran deep, and the best bet was to avoid potentially hazardous public lectures from Washington, allowing these democratic trends to reassert themselves on their own with the help of private consultations. So while opposing policy strategies had eroded the tight bond with Washington enjoyed under Castelo Branco, official relations between the two countries remained cordial, with Costa e Silva visiting the United States in 1967.

**POLICY DIFFERENCES AND A LEANER U.S. PRESENCE IN BRAZIL**

Commensurate with the heightened interest and engagement with Brazil, U.S. presence there in terms of overall personnel had increased dramatically between 1960 and 1966. In an appropriations hearing, it was discovered that aside from the embassy staff itself and Peace Corps volunteers, total U.S. personnel in Brazil had almost tripled in less than a decade, from 542 individuals in 1958 to 1,357 in 1967, and had increased by 60 percent under Lincoln Gordon’s tenure. Ambassador Tuthill felt that the United States was overcommitted in Brazil and should limit the number of “ubiquitous” American advisors in that country. Hence, Operation Topsy began in the summer of 1967 with the intent to reduce the number of embassy and USAID personnel. The principal goals were to increase efficiency while reducing overhead, to end a situation in which U.S. personnel in Brazil had grown without any central purpose in mind. However, Tuthill also sought to place a bit of distance between the United States and Brazil after seeing signs of an increasingly ruthless military regime.

Brazil had also become the third largest recipient of U.S. foreign aid by 1966, following Vietnam and India, with the bulk of this assistance coming after the 1964 coup. U.S. economic assistance to Brazil including development loans, grants, and Export-Import Bank loans totaled $330 million from 1960 to 1964. However, in the five years following the coup, this amount ballooned to $1.2 billion. Several factors led to the belief by Washington over the next several years that this imbalance needed to be corrected. The Costa e Silva regime had become increasingly repressive, Brazil’s economic growth took off after 1967 as it started its “miracle years,” and the U.S. Congress was less willing to support foreign aid in general, given the strains of the war in Vietnam.

Further, by 1969, pressures were growing within the United States to do something about the “Brazil problem.” Increased civil society protests by
clergymen, scholars, and U.S. legislators had mounted against the systematic repression in Brazil, calling for an end to Washington's blind eye toward the military regime's abuses. The kidnapping of Ambassador C. Burke Elbrick in September 1969 revealed just how much the United States was identified with the Brazilian military and served as an important reminder of the costs of U.S. involvement in Brazil. The situation was somewhat ameliorated by the death of Costa e Silva in August 1969 from a stroke. His successor, Emilio Garrastazu Médici, pledged to definitively install democracy into Brazil's political system. But pressure continued to mount in the United States to dramatically alter Washington's stance toward Brazil. By 1971, the U.S. Congress was growing tired of the apparent blank check the United States had written to Brazil. Senator Frank Church (D-ID) effectively accused the administration of trying to "buy Brazilian goodwill" with its $2 billion in aid from 1964 to 1971, but without success. Accordingly, the U.S. military mission in Brazil fell from two hundred individuals in 1968 to sixty in 1971, and economic aid dropped sharply.

In full, the Cuban Revolution and the Alliance for Progress changed the dynamics of the U.S.-Brazil bilateral relationship. Until the 1960s, the United States paid little attention to Brazil's development as such. U.S. policy toward Brazil revolved around hemispheric security, ongoing access to strategic materials, and protection of trade and investment opportunities. Starting with the Alliance for Progress, U.S. policy became one of promoting development through large-scale aid projects. One of the end goals was still that of hemispheric security, but the means had undoubtedly changed. U.S. military strategy also shifted from one of hemispheric defense to internal security, with an emphasis on public security and counterinsurgency.

By the late 1960s, it was also clear that U.S.-Brazilian relations had made a U-turn from the World War II years; the close cooperation of war allies had been replaced by mutual distrust and frustration, even as the two countries continued close military ties. The Johnson administration ultimately had to distance itself from an increasingly repressive Brazilian military government. But this separation came from both sides. Brazil's economic miracle, rather than strengthening Brazil's alliance with the United States, contributed to its erosion. Brazil's insertion into the world economy meant it needed its more powerful neighbor less. With billions of dollars of private financing available to Brazil starting in the late 1960s, and with public lending from the World Bank and Inter-American Development Bank increasing, official bilateral assistance from Washington became almost irrelevant.

The 1960s saw a great deal of policy attention paid to Brazil in direct response to the country's perceived vulnerability to Communism. The United States, in its efforts to prevent the emergence of a "Brazilian Perón," became involved in Brazilian development and Brazilian politics at an
unprecedented level. It was during this turbulent period that the theme of Brazil’s unique position in U.S. foreign policy reappeared and resonated with high-level policy makers in Washington: “Brazil is the key nation of Latin America from the standpoint of the full range of U.S. national interests. In Latin America, particularly South America, Brazil is capable of seriously undermining or of significantly advancing U.S. foreign policy objectives for the area.” Amid the climate of the Cold War and Brazil’s very real perceived threat of becoming Communist, these words emphasizing Brazil’s importance were heeded by the Johnson administration.

Yet, consistent with the historic fits and starts of policy engagement driven by the existence of mutually prioritized foreign policy goals, by the late 1960s, Brazil had again taken second stage to more urgent foreign policy concerns. The Brazilian military and Washington’s shared priority of eradicating Communism in Brazil was rooted neither in similar relative power positions nor in comparable foreign policy traditions. Rather, due to the broader political context of the Cold War as well as the individuals in power, the countries’ priorities happened to overlap during this time. Once the issue of common concern passed, in this case keeping Communism at bay in Brazil, bilateral engagement quickly subsided.

ATTEMPTS AT PARTNERSHIP DURING THE NIXON YEARS

Publicly, Brazil fell into the background of U.S. foreign policy during the Nixon presidency (1969–1974). One overriding goal of the Nixon administration vis-à-vis Brazil was to strike the difficult balance of at once distancing itself from an increasingly repressive regime while engaging Brazil on a level sufficient to moderately support development needs and maintain some degree of influence. The U.S. government thus opted to reduce “U.S. presence significantly and avoid excessive bilateral involvement” with the repressive government. It is striking how little Brazil was mentioned in public statements during the Nixon years; high-level officials made close to no reference to Brazil during this time. One of President Nixon’s only public statements having to do with Brazil was a cryptic comment that “as Brazil goes, so will go the rest of the Latin American continent.” And the extent of Assistant Secretary of State William D. Rogers’ comments was, “We don’t have any problems really, at the moment, at all between Brazil and the United States.” While Rogers’ assessment was in many ways accurate, it ostensibly revealed a complacency regarding relations with Brazil. Seemingly, without the driving force of the internal Brazilian Communist threat, Brazil was no longer a presidential priority. And the Médici government’s public lack of interest in the global struggle against Communism mitigated any overt opportunity for cooperation with the United States on this front.
At the same time, however, President Nixon deemed Brazil one of the most important developing countries in the world and also one of the most sympathetic to the United States. President Médici visited Washington in December 1971, the first time that a president of a military government in Latin America had been invited to the White House. President Médici wanted very much to meet President Nixon, and Nixon had attached great importance to U.S. relations with Brazil, describing his consultations with Médici prior to his trip to Moscow and Peking as a “vitaly important” part of the consultative process. Moreover, declassified documents reveal that presidents Nixon and Médici developed a strong relationship based on their shared anti-Communist ideology. Memoranda of conversations on the presidents’ Oval Office meetings in December 1971 reveal that Nixon and Médici saw eye to eye on the U.S. desire to “prevent new Allendes and Castros and try where possible to reverse these trends.” They also agreed that Cuban exiles throughout the Americas should be supported in overthrowing Castro, as long as “our hand did not appear.” As regards Chile’s Allende, Médici assured Nixon that the Chilean armed forces were capable of overthrowing Allende, but that Brazil was also “working toward this end,” in part through exchanging military officers with Chile. Nixon assured the Brazilian president that “if money were required, or other discreet aid, we might be able to make it available.” While the actual degree of bilateral cooperation still remains unknown, the two presidents clearly desired coordinated involvement in Chile, Cuba, and Uruguay in order to reverse the leftist trend in Latin America.

Because the two presidents’ views on this matter were so close, they decided to establish back channels of communication—a way to circumvent normal channels of contact. Dr. Henry Kissinger, then national security advisor, was named the U.S. representative, while Médici named his foreign minister Gibson Barbosa. Barbosa had handled delicate matters for Médici in the past without the knowledge of Itamaraty, and even had a special file with only handwritten requests and correspondence, so not even the typists had knowledge of their existence.

In Brazil, the Nixon White House saw a potential partner able to share the hemispheric burden of maintaining a peaceful, democratic order in the region. During two days of meetings, Nixon told Médici that he “hoped we could cooperate closely, as there were many things that Brazil as a South American country could do that the U.S. could not.” Further, Kissinger saw Brazil as a key regional power that could help the United States recover from its humiliating defeat in Vietnam. As Kissinger later stated, “I desired a more powerful Brazil. . . . I wanted to accelerate its ascension.” President Nixon even referred to Brazil as “key to the future” when discussing the danger of Fidel Castro with British Prime Minister Edward Heath. The Nixon administration certainly believed it could rely on Brazil to oppose
Communism in the region; this assumption was bolstered by a 1972 CIA National Intelligence Estimate that asserted that while Brazil wouldn’t interfere overtly in its neighbors’ internal affairs, it would “not be above using the threat of intervention or tools of diplomacy and covert action to oppose leftist regimes, to keep friendly governments in office, or to help place them there in countries such as Bolivia and Uruguay.” Indeed, Henry Kissinger applauded Médici’s support of the “Nixon Doctrine” in Latin America, through which Brazil would be a surrogate regional power acting in U.S. interests.

In addition to the private partnership between the two presidents, National Security Advisor then Secretary of State Henry Kissinger and Minister of Foreign Affairs Antônio Azeredo da Silveira interacted frequently. While Silveira was critical of U.S. policy toward Brazil, he and Kissinger met on several occasions and developed a strong rapport. It was during his meetings with Silveira that Kissinger described Brazil as a “nation of greatness—a people taking their place in the front rank of nations. . . . My country welcomes Brazil’s new role in world affairs.” He also evoked the two countries’ historical bond as well as Brazil’s similarities with the United States to predict strong bilateral relations. “Inevitably, and we shouldn’t pretend otherwise, as Brazil becomes more powerful, there will be frictions. But . . . there are no two countries better situated by history and human friendship to realize the creative possibilities before us.”

Both a personal bond and a convergence of interests appeared to mark the relationship between the highest-level policy makers in both governments. There unmistakably was more going on in the bilateral relationship than the public knew. Presidents Nixon and Médici agreed on the need to limit regional Communism and may have worked to that end in Chile and Uruguay. But solid evidence of cooperation has not yet been shown. We do know that the potential alliance between Nixon and Médici ultimately ended up in disappointment. It could be that Médici’s shared anti-Communist fervor was an exaggeration in order to manipulate the United States to gain economic favors. Médici’s ability to deliver was also limited by his own military. Interestingly, the contents of the presidents’ secret talks raised red flags among some officers in Brazil who feared that the responsibility for stemming leftism in Latin America would fall to the Brazilian armed forces. Indeed, General Vincente Dale Coutinho believed that Washington just wanted Brazil to “do the dirty work.”

Brazil never opposed the creation of the Organization of the Petroleum Exporting Countries (OPEC), much to the disappointment of the United States, and also resisted the U.S. push to sign the Non-Proliferation Treaty; for its part, Brazil never won its desired trade concessions.

Separately, the significance of the Kissinger-Silveira bond was undermined by the predominance of economic issues on the bilateral agenda. Albert Fishlow noted that “neither Silveira nor even Kissinger could speak
definitively for their governments on such [economic] matters—and yet the foreign ministries were vested with the responsibility for structuring and chairing the consultations.84 This disconnect between how the United States defined its national security and the salient issues on the Brazilian agenda which were principally economic limited the tangible results possible from the Kissinger-Silveira meetings. So, while the Médici regime was anti-Communist, its overriding goals were to bolster its own regime by accelerating the ongoing economic modernization process and obtaining trade concessions; this limited the room for cooperation with Washington. More light will be shed on the actual degree of cooperation once both countries declassify more documents. Until then, we are left with the end result that different foreign policy priorities minimized the space for actual cooperation. Tellingly, the fleeting alliance was referred to by one author as a “shipwrecked experiment.”85

**DISAGREEMENT OVER FISHING RIGHTS**

Paving the way for much more serious bilateral disagreements beginning in the late 1970s, increased tensions began with a seemingly minor yet ultimately significant change made by Brazil regarding fishing rights. In the early 1970s, Brazil along with several other South American countries declared sovereignty over two hundred nautical miles of ocean off their shorelines. This right was not recognized by most other developed countries, including the United States, which deemed the area “high seas,” open for fishing by all nations. However, the seriousness of Brazil’s claims was made painfully clear when on March 22, 1975, the Brazilian Navy seized two U.S. shrimp boats which were within Brazil’s claimed territorial waters and lacked the required official consent from the Brazilian government.

Rather than taking an unyielding stand, Washington continued its intent to avoid unnecessary strains with Brazilian authorities. Secretary of State Kissinger appealed to waive the mandatory suspension of military sales, required by the U.S. Foreign Military Sales Act, writing in a confidential memo to President Ford that a U.S. suspension of military sales would have a

severe adverse affect on our relations with this largest, strongest, and most populous of the Latin American nations at a time when we are seeking to restructure our relationship into new patterns which take into account Brazil’s emergence as a force within the hemisphere and an increasingly influential nation on the world scene.86

This waiver was granted, the boats were released after six days in captivity after payment of a fine and confiscation of their catch, and the United
States eventually changed course, formally recognizing the two-hundred-mile zone in March 1977.

The shrimp boat incident was not widely reported, and its rapid and peaceful conclusion caused it to be largely overlooked. However, what it revealed about the United States' handling of Brazil is significant. Kissinger not only acknowledged Brazil's geopolitical importance but emphasized the need for the White House to encourage its global influence. Most likely, Kissinger had a sense that the international community was moving toward the direction of adopting the two-hundred-mile limit and thus opted to avoid what might become a moot issue. However, rather than treating Brazil as a small country to be bullied, Washington stepped back in order to better foster improved relations. When the stakes were relatively low, Washington gave Brasilia the upper hand. As we will see, this was not the case with the much more public and contentious issues of Brazil's nuclear development and human rights record.

NOTES

5. Brazil was never a formal member of the Non-Aligned Movement (NAM), but declared the same goals and frequently attends the NAM's summits.
9. See Dulles, Unrest in Brazil, 159. Dulles notes that Goulart initially resented the new system, especially in light of newspaper cartoons showing him in the dress of the Queen of England. The parliamentary system ended after a popular plebiscite in January 1963 voted for the return to full presidential powers.
10. Attachment to memorandum from Richard Goodwin to McGeorge Bundy, 7 February 1962, Boxes 12 and 13, Brazil Vol. 2, John F. Kennedy Library.
23. Dulles, Unrest in Brazil, 273.
29. U.S. Senate Committee on Foreign Relations, "Nomination of Lincoln Gordon to Be Assistant Secretary of State for Inter-American Affairs," 89th Cong., 7 February 1966, 34.
31. Johnson Library, Recordings and Transcripts, recording of telephone conversation between President Johnson and Reedy, 30 March 1964, Tape F64.21, Side B, PNO 2.
35. Telephone Calls 3/20/64–4/9/64, NARA, RG 59, Rusk Files: Lot 72, D 192.
38. U.S. Senate Committee on Foreign Relations, “Nomination of Lincoln Gordon to Be Assistant Secretary of State for Inter-American Affairs,” 89th Cong., 7 February 1966, 44.
45. Interview with Brigadier General Clarke McCurdy Brintnall, Association for Diplomatic Studies and Training Foreign Affairs Oral History Project. Brintnall worked under Vernon Walters at the time of the coup.
47. “Letter to the President from President Castelo Branco of Brazil, 21 July 1966,” Lyndon B. Johnson Library.
49. In a December 1963 memo, the State Department recommended that in the event of a coup, the United States “take a constructive friendly attitude . . . being prepared to give quick support and assistance to the new regime as soon as it is sufficiently committed to a return to democratic processes.” “U.S. Contingency Plan for Brazil in the Event of an Overthrow of Brazilian President Joao Goulart,” Department of State Memo, 11 December 1963, Lyndon B. Johnson Library.
62. “Address of the President of the Republic of Brazil on Foreign Policy” (Washington, DC: Brazilian Embassy, April 1967).
63. The choice of Gordon’s successor was an important one for Johnson, and one in which he expressed personal interest. Washington not only wanted to fill the position quickly, but Johnson also reportedly asked specifically for a Brazilianist. The post was not an afterthought and not one to be entrusted to mere campaign contributors—a tradition that was not maintained in future years.
70. See National Security Study Memorandums, 1970.
77. White House Memorandum of Conversation, 9 December 1971, presidents Nixon and Médici.
79. White House Memorandum of Conversation, 20 December 1971, President Nixon and Prime Minister Heath.
80. CIA National Intelligence Estimate, 1972, “The New Course in Brazil.”
82. Secretary of State Kissinger at Itamaraty, 1976.
83. CIA Intelligence Memorandum, December 1971, “Alleged Commitment Made by President Richard M. Nixon to Brazilian President Emilio Garrastazu Médici.”
85. Spektor, *Kissinger e o Brasil*.
Baron of Rio Branco on Brazil’s 5 Cruzerios 1962 banknote. Giorgios, Dreamstime.com

Foreign Minister Oswaldo Aranha of Brazil is welcomed by Secretary of State Cordell Hull on his arrival at Union Station, Washington, D.C., February 9, 1939. Library of Congress, Washington, D.C.

Presidents Roosevelt and Vargas on a U.S. destroyer at Natal, Brazil, January 28, 1943. Franklin Roosevelt Presidential Library
President John F. Kennedy meets with Dr. Celso Furtado, director of SUDENE, on July 14, 1961. White House Photo

President Joao Goulart of Brazil addresses a joint session of the U.S. Congress in Washington, April 4, 1962. Seated behind him are Vice President Lyndon B. Johnson, left, and House Speaker John McCormack. Associated Press
Presidents Johnson and Costa e Silva shake hands at the White House, January 26, 1967. Lyndon Baines Johnson Library

Lincoln Gordon and President Johnson meet in the Oval Office, January 5, 1967. Lyndon Baines Johnson Library
Presidents Johnson and Costa e Silva and an unidentified individual at the White House, January 26, 1967. Lyndon Baines Johnson Library


Presidents George H. W. Bush and Fernando Collor de Mello at the welcoming ceremony for President Collor, June 18, 1991. The George Bush Presidential Library and Museum

President Clinton meets with President Fernando Henrique Cardoso on May 10, 1999, in the Oval Office. William J. Clinton Presidential Library
U.S. Embassy Photo

President Bush drives Brazil’s President Lula in a golf cart shortly after his arrival at Camp David, Maryland, Saturday, March 31, 2007. Associated Press
President Barack Obama greets President Lula da Silva of Brazil on Saturday, March 14, 2009, in the Oval Office. White House Photo, Pete Souza

President Barack Obama talks with President Lula to discuss response to the earthquake crisis in Haiti, as NSC Chief of Staff Denis McDonough listens, in the Oval Office, January 13, 2010. White House Photo, Pete Souza
Secretary of State Hillary Clinton meets with Foreign Minister Celso Amorim in Brasília, March 2–3, 2010. U.S. Embassy

U.S. Ambassador Thomas Shannon presents credentials to President Lula in February 2010. U.S. Embassy Photo

Secretary of State Hillary Clinton meets with Foreign Minister Celso Amorim in Brasília, March 2–3, 2010. U.S. Embassy
While the cooling trend in U.S.-Brazil relations begun under Costa e Silva plateaued during the Nixon/Médici administrations, tensions began to escalate during the Carter administration to the point that the two countries disagreed on essentially every issue. The dramatic foreign policy shift that President Carter implemented in the realm of human rights had profound implications for its relations with Brazil. Interpreted in Brasilia as an infringement of national sovereignty and an affront to its military rule, the bilateral relationship lost any semblance of amicability experienced during Nixon’s or Ford’s presidency. The Carter administration had Brazil near the top of its foreign policy concerns for both the Brazilian military’s human rights record as well as its refusal to abandon its nuclear development program.

HEIGHTENED TENSIONS OVER NUCLEAR DEVELOPMENT

Wildly conflicting policy goals between Washington and Brasilia regarding nuclear development had their roots in the 1973 oil crisis. The fourfold jump in oil prices resulting from the crisis exposed Brazil’s vulnerability as the largest oil importer in the developing world, importing 80 percent of its oil. As this susceptibility to the whims of the volatile oil market made itself painfully clear, Brazil’s principal foreign policy goals shifted to prioritize affordable and dependable sources of energy—the best candidate being nuclear. Looking at its long-term energy requirements, Brazilian policy makers reached the consensus that Brazil needed control of the entire nuclear fuel cycle to guarantee energy independence. At the same time that
Brazil was feeling the need to develop and secure new sources of energy, the United States was also feeling the pinch of the oil shock. In July 1974, the U.S. Atomic Energy Commission announced the suspension of any new contracts for future supplies of enriched uranium, a decision that had huge implications for Brazil. Believing that demands for enriched uranium were greater than U.S. plant capacity, the decision forced major private power companies to cancel future deals. Westinghouse, specifically, reneged on its contract to service two additional reactors in Brazil. That this moratorium on fuel enrichment was universally applied was of little consolation to Brazil.

It was no surprise that Brazil turned elsewhere, and true to its independent foreign policy, was open for negotiations with all suitors. In June 1975, Brazil signed a controversial multibillion-dollar nuclear accord with West Germany involving the delivery of up to eight nuclear power plants to Brazil in exchange for uranium supplies for West Germany. The agreement also outlined the supply of nuclear-fuel enrichment equipment necessary for the production of nuclear weapons. The Brazilian press hailed the agreement as the “dawn of the nuclear age for Brazil” and the beginning of economic independence. In spite of Brazil’s repeated claims that it would use the complete nuclear fuel cycle for only peaceful purposes, Washington responded in shock and disdain. The deal served as a jolting reminder to Washington of the potential power and danger of its large southern neighbor. In addition to proliferation fears, the agreement was seen as a betrayal of two of the United States’ most trusted allies. As Senator John Pastore (D-RI) stated on the Senate floor in June 1975,

This likely peril is being instituted by an ally in our backyard (while) the U.S. government is heavily committed in West Germany’s backyard to defend them against likely peril. . . . The present government in Brazil may be very amenable to the United States . . . but we are living in a changing world where governments are being toppled over day by day. How do we know that we will not have another Castro in some other country in Latin America? . . . I might conclude by saying this: If this agreement goes through at this time in this fashion, it will make a mockery of the Monroe Doctrine.

To make matters worse, Brazil had continued its refusal to sign the Nuclear Non-Proliferation Treaty (NPT), believing it would lock Brazil into a dependent nuclear status while denying it the benefits of nuclear energy used for peaceful purposes. As early as 1966, the Brazilian representative to a United Nations disarmament conference stated Brazil’s position well—that by signing the NPT, the nonnuclear powers “should not only be giving up the possibility of having the most dreadful weapons man’s imagination has ever devised, but, at the same time, should be forgoing the benefits which derive from the peaceful uses of atomic energy.” President Geisel
was also explicit in his condemnation of the NPT. From the perspective of Washington policy makers, it was promising that Brazil had entered a period of relative calm and stability. But its legacy of internal repression and economic disorder made it far from the ideal candidate to be a nuclear power.

Perhaps more worrisome than the prospect of a nuclear Brazil, as such, was the fear that Brazil’s acquisition of nuclear power would trigger a regional arms race. Indeed, while the global energy crisis and the subsequent search for alternative energy sources led to Brazil’s agreement with West Germany, it was also Brazil’s rivalry with Argentina that prompted Brazil’s quest for nuclear technology. The Carter administration supported Brazil’s “legitimate right to the benefits of nuclear energy,” but worried about the impact on Brazil’s neighbors. A New York Times editorial described the agreement as reckless and one that could “set off a nuclear arms race in Latin America, trigger the nuclear arming of a half-dozen nations elsewhere and endanger the security of the United States and the world as a whole.”

It is easy today to underestimate the fear felt in Washington regarding a nuclear Brazil. However, during the height of the Cold War, the threat could not have been more real. National Security Advisor Zbigniew Brzezinski wrote to President Carter explaining how in addition to refusing to sign the NPT, Brazil also rejected meaningful participation in the Latin American nuclear-free zone created by the 1969 Treaty of Tlatelolco due to possible damage to its national security and self-defense. While not necessarily claiming the opinion as his own, Brzezinski then described the viewpoint that “Brazil clearly wishes to hold open the option for nuclear arms.” President Carter wrote in the margin of this memo, “Clear to me also.”

This clarity was not based on fear alone. Brazil’s military regime ultimately created a “parallel nuclear program” for the development of nuclear “autonomy” and had built a test site in the state of Pará. That said, the danger was not imminent. As of the mid-1970s, Washington still believed Brazil was at least ten years away from having the ability to produce a nuclear weapon.

For its part, Brazil believed that the U.S. refusal to supply fuel enrichment for Brazil’s reactors was a deliberate strategy to relegate Brazil to an inferior power rank. This opinion was well known among U.S. policy makers. Secretary of State Cyrus Vance wrote to President Carter that “our [nuclear] policy is grossly misunderstood and seen as a threat to Brazil’s future growth and power.” Washington was indeed working actively to prevent Brazil from developing its nuclear capabilities. This was all the more offensive given Washington’s pressure for Brazil to sign the NPT. More than merely abandoning Brazil’s preferential status, the Brazilian military believed that the United States was actively working to retard Brazil’s military development. Not surprisingly, the 1970s marked a weakening of the decades-old
alliance between the Brazilian and U.S. militaries. Those officers who had served during the glory days of World War II had retired, along with the unquestioned tradition of an alliance with the United States. This dubiousness on behalf of the Brazilian military was reinforced by the growing sentiment that the U.S. military was less able to support the Brazilian armed forces. An April 1976 secret Defense Intelligence Agency report relayed this belief, stating that due to such U.S. policy embarrassments as the failure to achieve success in Vietnam and the Watergate incident, the Brazilian military had less confidence in U.S. executive and military leadership.\(^9\)

Partially as a result of Brazil’s nuclear deal with West Germany, in February 1976 Secretary of State Kissinger traveled to Brasilia and signed a cooperation agreement with the Geisel administration. The memorandum of understanding committed the two nations to consultations on all issues of concern and semiannual meetings of foreign ministers. The agreement had been sought by Brazil for years and was seen by optimists as a reflection of the importance Washington placed on Brazil and perhaps even a return to the countries’ special relationship. Perhaps Brazil’s agreement with West Germany was just the wake-up call Washington needed. However, in operation, the cooperation agreement was a mere mechanism to circumvent the bureaucracy and was not sufficient to maintain U.S. cabinet-level interest in Brazil. By the mid-1970s, the power disparity between the two countries, coupled with the absence of any global crisis in which the United States needed Brazil’s support, meant that de facto written pledges of cooperation and consultation were quite meaningless.

The Carter administration’s response to the Brazil–West Germany agreement dashed any Brazilian hopes for regular consultation between partners. In early 1977, Vice President Mondale visited Bonn, West Germany, with the aim of persuading German officials to cancel at least the reprocessing part of the $10 billion deal with Brazil. Mondale was unsuccessful in convincing the Germans to call off the deal; instead, his actions infuriated and offended Brazil—even galvanizing those Brazilians who were previously skeptical of the nuclear program to support the government’s full-cycle position. The consultation with Germany without informing Brazil was widely interpreted in Brazil as a devious move to preempt it from obtaining modern technology and was seen as a violation of the 1976 agreement outlining regular consultations. As a result of this tactical disaster, Brazil canceled the memorandum of understanding; it also canceled the twenty-five-year-old military assistance treaty between the two countries.\(^{10}\) Hence, the structure for bilateral military cooperation which had been seemingly unshakeable over previous decades was broken.

Realizing its error in not consulting the Brazilians before attempting to sabotage its business deal, in March of that same year, the Carter administration tried again to steer Brazil on the right course using direct appeals.
Deputy Secretary of State Warren Christopher was sent to Brasilia to present a prewritten joint communiqué outlining a curtailed Brazilian nuclear program. Christopher reported “very heavy weather” in his consultations and abruptly left.11 Needless to say, Brazil refused to sign the statement. Shortly thereafter, Itamaraty announced the termination of a U.S.-Brazilian military commission and a naval commission established in 1942 to coordinate World War II efforts. Washington’s final attempt to stop Brazil’s acquisition of the sensitive technology was to send Secretary of State Vance in November 1977 on a one-day visit to Brasilia to convince Brazil that on a technical level, reprocessing uranium was expensive and dangerous. Vance was warmly received and was sent off with much regalia and promises of friendship, but the Brazilians promised nothing.

HUMAN RIGHTS OFFENSES

President Jimmy Carter’s human rights policy, implemented in earnest from 1977 to 1981, represented a sea change in the direction of U.S. foreign policy and had far-reaching effects on the U.S. relationship with Brazil. Importantly, this new focus on international human rights had congressional roots dating well before Carter assumed the presidency. In the wake of Vietnam and the Watergate scandal, the American public was hungry for a foreign policy which reflected stronger values—a return, perhaps, to a kinder, gentler era. Building on a push from European countries to pay more attention to human rights, the U.S. Congress began in the early 1970s to insert the ideal of human rights into U.S. foreign policy. Congressional hearings on human rights began in 1973 with the aim of establishing an international definition of human rights based on the UN International Bill of Rights. Additionally, section 32 of the Foreign Assistance Act of 1973 outlined a nonbinding resolution that military and economic aid should be withheld from governments practicing imprisonment or torture for political reasons.12 Thus began a dialogue that would have a significant impact on the direction of American foreign policy. The movement began to affect Brazil in 1975 when the U.S. Congress signed a law requiring the State Department to regularly report on the human rights practices of all countries receiving U.S. military aid. In addition to this clause, known as the Harkin Amendment, Congress that same year adopted another major provision that required the president to terminate aid to countries violating human rights.13 Again, while this law was implemented under the Carter administration, it originated with the Ford administration.

In 1976, presidential candidate Jimmy Carter promised a presidency that would return the United States’ moral foundation, in part by taking a harder stance toward unsavory military regimes. The nature of Carter’s
human rights policy was established in his inaugural address of January 1977, a full third of which was dedicated to human rights. “Our commitment to human rights must be absolute. . . . The powerful must not prosecute the weak, and human dignity must be enhanced. . . . There can be no nobler nor more ambitious task for America to undertake on this day of a new beginning than to help shape a just and peaceful world that is truly humane.” Secretary of State Cyrus Vance followed up on these pledges in April 1977 by clarifying what the administration meant by human rights, and how it aimed to promote them. He described a broad definition of human rights including freedom from torture or unfair imprisonment; the right of vital needs such as food, shelter, and health care; and political liberties including freedom of speech and religion.

The opening line of a 1978 presidential directive reiterated the Carter administration’s overriding foreign policy commitment to promote international justice: “It shall be a major objective of U.S. foreign policy to promote human rights throughout the world.” In practice, the issue of human rights became more institutionalized and took on heightened importance. Each embassy appointed a “human rights officer” to conduct meetings with foreign officials and potentially meet with victims. In Washington, the Interagency Group on Human Rights and Foreign Assistance was created, chaired by Deputy Secretary of State Warren Christopher. And the State Department’s Bureau of Human Rights and Humanitarian Affairs was expanded, headed by a political appointee with direct access to President Carter. Clearly, Carter’s new foreign policy direction was intended to be far more than a rhetorical pledge.

Pursuant to the 1975 law requiring the State Department to report on the state of human rights around the world, the first report was published in January 1977 and strongly condemned the practices of the Brazilian military. The report hit at the heart of Brazil’s military regime. Brasilia bureau commentator Carlos Marchi wrote in Rio de Janeiro’s *Jornal do Brasil* that in criticizing Brazil’s human rights situation, President Carter “hit one of the points of honor of our system by questioning repressive methods used for years to combat subversion.” The report was seen by Brazil as condescending and a violation of Brazil’s sovereignty.

The State Department sent the first human rights report to Itamaraty as a courtesy before sending it to the U.S. Congress. However, instead of showing the appreciation Foggy Bottom had hoped for, Brazil’s foreign ministry rejected the report’s claims, hastily returned it to the U.S. Embassy, and called the report an unnecessary interference in Brazil’s internal affairs. The position of the Brazilian military was that the United States had no comprehension of the extent of Brazil’s leftist terrorist problem and that human rights were not a matter for international concern. Further, the contrast between Washington’s support of the Brazilian military in the 1960s and
its condemnation during the 1970s was seen as grossly hypocritical. Refusing to be subject to the U.S. Congress human rights demands, Brazil turned down a $50 million loan credit for the purchase of military supplies in the spring of 1977.\textsuperscript{17} It rejected all further military aid, thereby eliminating the need for any State Department assessment of its internal politics. At first blush, then, the report had anything but the desired effect of catalyzing improvements in human rights practices within the Brazilian military.

Peter Walker, a conservative member of the British Parliament, described President Carter's human rights policy as "confused, crude, and counterproductive."\textsuperscript{18} The policy was slow to be implemented and was criticized for its overly ambitious scope, encompassing both social and economic rights as well as political and civil rights. However, of the two hot-button issues of nuclear development and human rights, there was sympathy in Brazil for Carter's stance on human rights. Brazilian student groups certainly appreciated Carter's policy. During a visit by Rosalynn Carter to Brazil in June 1977, leaders of a large student strike presented Mrs. Carter with an open letter explaining,

\begin{quote}
We wish to emphasize that what is occurring here at the University of Brasilia is not an isolated incident, but a symptom of the oppression under which we, as students, have lived almost our entire lives—arbitrary imprisonment and torture are fears that rule our lives. We sincerely hope that President Carter's policy toward Brazil will be guided by his support of those rights to which all human beings, everywhere, are entitled.\textsuperscript{19}
\end{quote}

Further, prominent Brazilianists in the United States backed Carter's aggressive policy even though it no doubt caused serious strains in relations with Brazil, at least in the short run.\textsuperscript{20} Despite its heavy-handedness and paternalistic nature, Washington's spotlight on the deplorable human rights practices in Brazil erased some of its previous connection with the repressive government in Brazil.

While it is often depicted that the Carter administration's clumsy handling of many aspects of the nuclear and human rights issues caused the rift between the two countries which was undeniable by the late 1970s, the divide between the United States and Brazil was much deeper and more complex than a series of diplomatic gaffes. Quite separate from these two contentious issues, Brazilian military leaders had been furthering an increasingly independent foreign policy that originated with Costa e Silva. As it increased its economic ties with the Middle East, including commercial as well as military sales, it began to adopt a pro-Arab bias in international forums. In addition to condemning Zionism as racism in the United Nations, Brazil began to take an uncooperative stance vis-à-vis the United States at Organization of American States (OAS) meetings and recognized the Marxist government of Angola in 1975. Brazil's pro-Arab stance alienated many
in Washington. Several U.S. policy makers, including key positions in the Department of Defense and the State Department that were concerned with nuclear proliferation issues, became anti-Brazil because Brazil was anti-Israel. As Ambassador Langhorne Motley stated, “Brazil was viewed negatively by those who had sympathy for Israel.” The mindset of the time was described by the notion that “the Brazilians are bastards on the Israeli issue; they shouldn’t get an inch.” This antagonism toward Brazil was matched by the Geisel administration’s moves to distance itself from Washington. In full, lost confidence in the U.S. executive and military leadership by the Brazilian military government, increased economic protectionism in the United States, world petroleum shortages, Brazil’s ongoing nuclear ambitions, and the takeoff of the Brazilian economy all resulted in weaker ties with the United States.

**ATTEMPTS AT RECONCILIATION**

President Carter claimed to be more interested in Latin America than his immediate predecessors and recognized that the region was diverse enough that each country merited its own policy. In April 1977, he told the Organization of American States that a “single United States policy toward Latin America and the Caribbean makes little sense. . . . Together we will develop policies more suited to each nation’s variety and potential.” U.S. policy toward Brazil would therefore reflect the country’s size, importance, and growth potential. Brazil’s approximation to becoming a nuclear power certainly woke up Washington to the real potential of its historically pacific southern neighbor.

The Carter administration’s concern with Brazil coupled with the acknowledgment of its importance led to a high degree of policy attention. Within a span of just a few years, a stream of high-level visits took place to Brazil, including the secretary of state, the vice president, Rosalynn Carter, and the president himself. Mrs. Carter began the series of Brazil trips in June 1977 with the expressed goal of improving relations. President Carter visited in March the following year hoping to reduce the Brazilian leadership’s “paranoia” about the United States, to increase cordiality between the two countries, and to pave the way for improved relations with the subsequent Brazilian government. A memo from Cyrus Vance to the president prior to his trip urged Carter to try to convince the Geisel administration that the United States welcomed “Brazil’s increasingly important role in the world and [was] prepared to consult seriously on major issues.” It further emphasized that “we support Brazil’s rise to major nation status.” Finally, described as a major effort to improve relations with Brazil, in March 1979, Vice President Mondale visited Brasilia and backed away from criticizing
Brazil’s plans to build a uranium reprocessing plant capable of producing weapons-grade plutonium. A well-executed and coordinated Brazil policy it was not, but Brazil was certainly on the Carter administration’s radar screen.

Despite these attempts to maintain the historical amicability between the two countries, for better or for worse, the Carter administration was not able to revive its unwritten alliance with Brazil. First, rather than being honored by the attention bestowed on Brazil by Washington, Brazil felt slighted for not being valued more. For example, President Geisel was offended by Rosalynn Carter’s 1977 visit, feeling that it was inappropriate to send the president’s wife on an official visit. Her deliberate decision to meet with priests who were leading efforts against the Brazilian government represented a huge affront to Giesel. Second, the ending of the Vietnam War and events in the Middle East eclipsed Brazil as policy priorities. Lastly, the dynamics of the relationship and respective needs of the two countries had changed. The once contentious issue of foreign aid became increasingly irrelevant as private capital flows to Brazil began in earnest in the late 1970s. Freed from the need to please Washington—from the quid-pro-quo special relationship—Brazil’s independence from the United States continued. While it retained its anti-Communist position at home and condemned the Soviet invasion of Afghanistan in 1979, the Figueiredo administration (1979–1985) ignored both the U.S.-led boycott of the Moscow Olympics in 1980 as well as the embargo of grain shipments to the Soviet Union.

The “special relationship of earlier years has been replaced by Brazil’s pursuance of a policy of self-interest,” stated a secret Defense Intelligence Agency report in April 1976. This was indeed the case, but it should be highlighted that the special relationship was also one of self-interest. It just happened that these interests changed. Private capital replaced bilateral aid as the principal source of international capital, and Brazil’s military development was supported by other countries, mitigating at least one incentive to back the United States in global forums. Further, in 1977, Brazil began a process of “abertura,” or political opening, in which the last Institutional Act was rescinded and local elections were scheduled. However, rather than facilitating closer ties with the United States, Brazil’s growing military and economic strength and incipient political opening—or its very approximation to the United States—was accompanied by distrust on both sides. Washington distrusted Brazil’s stated nuclear intentions, and Brasilia doubted the once unquestionable benefactor role of its northern neighbor, while needing its help progressively less. By 1981, it had been ten years since a Brazilian president had traveled to the White House, and President Figueiredo had repeatedly declined President Carter’s invitations.

Tensions began to ease only with the start of the Reagan administration and the subsequent winding down of a human rights focus in U.S. foreign
policy. Yet—and importantly—the Carter administration never worked to undermine the rise or growth of Brazil. One of President Carter’s goals in his visit to Brazil in 1978 was to convince Brazilian leaders that the United States “welcomes Brazil’s increasingly important role in the world and [is] prepared to consult seriously on major issues,” and to encourage Brazil’s “assumption of greater responsibilities as a country on the threshold of becoming a significant industrial power.” The internal memo went on to clearly state, “We support Brazil’s rise to major nation status.” Whether the United States effectively worked to enable this development is a separate question. The relevant point is that there is no indication that Washington had a policy to intentionally subvert or undermine Brazil’s growth as a global or regional power, contrary to Brazilian opinion during this time.

Further, U.S. policy toward Brazil under the Carter administration was not marked by neglect; because Brazil was perceived as a nuclear problem, the State Department dedicated a lot of attention to Brazil. Policy makers and presidents alike expressed interest in Brazil and acknowledged it as a potential partner. This interest began to change in the late 1970s as more urgent issues trumped the peaceful—albeit potentially nuclear—southern giant. According to James Chamberlin, an officer in the U.S. Embassy in the late 1970s and early 1980s, “the Secretary’s office was even more preoccupied with Central American problems (especially under Reagan), and the Panama Canal Treaty (under Carter). Because of the focus on Central American issues, except for the nuclear issue, Brazil didn’t get much attention.” Other anecdotes from the U.S. Embassy in Brasilia reveal these good intentions in terms of attention to Brazil, but an absence of any follow-through. When William Bowdler became assistant secretary for inter-American affairs toward the end of the Carter administration, he visited Brazil and pledged to spend more time on Brazil, calling Brazil the “keys to the American relations in the hemisphere,” and expressed the need to become more closely associated with Brazil. However, according to Deputy Chief of Mission in Brasilia George High, “The truth of the matter was that that really never happened on our watch. We got a little more time, a little more attention, but we were always second fiddle to those larger, more immediate problems that were overwhelming to anyone who was in the bureau at the time. There was the Mariel boat lift, difficulties with Mexico and Central America, and other crises that commanded attention.” Yes, Brazil was a problem. But it was a nonurgent one that happened to be relatively cooperative.

**IN PERSPECTIVE**

In stark contrast to the first three examples of significant bilateral engagement—the turn of the nineteenth century and the Rio Branco years, World
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War II, and the 1964 coup—the policy attention toward Brazil during the Carter presidency was marked by competition and discord. Washington’s attention was driven by the threat that Brazil represented both in the area of nuclear development and human rights. Bilateral engagement during this time is still, however, best described by dual priorities. The concerns of nuclear development and human rights were paramount to both the Carter and Giesel administrations. However, very different definitions of national sovereignty resulted in opposing positions on these two issues. The result was that, instead of assisting in a larger global challenge, Brazil this time constituted the challenge itself. Again, engagement occurred in spite of, not because of, the structural factors of relative power and foreign policy traditions. Instead, the late 1970s represents a time of sporadic engagement driven by the circumstantial reality of a U.S. presidency that prioritized the curtailment of international human rights abuses and the potential nuclear threat.

In understanding the heightened U.S. attention toward Brazil experienced during the Carter administration, one must not underestimate the crucial role of the individual—in this case, President Carter’s personality and worldview. Upon entering office, President Carter had very little experience in foreign affairs. As one political scientist explains, “Carter’s experience level was still such that his central belief in human nature provided the guideposts by which he evaluated the world around him. He entered office with a genuine conviction in the boundless possibilities for relations among human beings. . . . [This] compelled him to set high standards of behavior” for other countries.30 This unique characteristic of Jimmy Carter influenced Washington’s policy to use carrots and sticks to push for higher human rights standards and certainly affected U.S. policy toward Brazil. Interestingly, this optimistic worldview was overcome by events in the late 1970s. After the Iran hostage crisis began in November 1979 and the Soviets invaded Afghanistan in December 1979, President Carter adopted a dramatically different foreign policy, returning in effect to a Cold War policy of containment. The Carter Doctrine of 1980 stated that any attempt by an outside force to gain control of the Persian Gulf region would be interpreted as an attack on the United States and would be stopped by force if necessary.31 The Carter Doctrine marked the beginning of the more aggressive foreign policy that was adopted by President Reagan.

NOTES

2. John O. Pastore, Chairman of the Joint Congressional Committee on Atomic Energy, on the Senate floor, 3 June 1975.
10. The agreement was privately perceived as antiquated and obsolete by both the United States and Brazil, so the cancellation did not represent a huge loss. But it made the desired symbolic gesture. See, Interview with Ambassador John Hugh Crimmins, *The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project*, 10 May 1989.
11. NSC Memorandum to the President from Zbigniew Brzezinski, 14 March 1977.
25. To show his annoyance, Giesel sent his wife to meet Rosalynn Carter at the airport upon her arrival. See, Interview with Ambassador Langhorne A. Motley, *The


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Easing tensions significantly, the controversial human rights issue that dominated President Carter’s term had dramatically subsided by the beginning of the 1980s. President Joao Figueiredo, inaugurated in March 1979, had initiated a series of liberalizing political reforms upon entering office, thus beginning Brazil’s process of *abertura*. Political prisoners were freed, and in 1982, Brazil conducted its first free elections in seventeen years. However, the nuclear “problem” continued and intensified in the 1980s. The concomitant shocks of higher oil prices, increases in world interest rates, and a drop in Brazilian exports deepened Brazil’s desire for nuclear know-how in order to secure energy independence and long-term economic security. While Brazil’s nuclear program was seriously delayed by cost overruns, a potentially nuclear Brazil remained a source of concern for Washington throughout the decade. Nuclear tensions in addition to Brazil’s economic difficulties and the incipient debt crisis became the two principal issues between the countries in the 1980s.

However, significant policy attention did not occur under President Reagan. The threat of a nuclear Brazil was real, but not immediate. As weapons expert Leonard Spector wrote in 1984, “Brazil is unlikely to complete the requirements for building nuclear arms before the early 1990’s,” and other experts put that date well into the twenty-first century. And the two countries focused on different elements of the debt crisis, thus limiting room for engagement. Brasília wanted a “political solution” to the debt crisis—a comprehensive approach involving government-to-government cooperation, taking into account the social, political, and human costs of the economic crisis; Washington’s initial strategies were much more narrowly focused. Finally, Brazil had no interest in Washington’s foreign policy...
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priority of the global Cold War, abstaining from any involvement in the
fight against Communism abroad. As a result of this minimal overlap of
dual priorities, sustained engagement with Brazil was limited to bureaus-
cracy such as the Office of the U.S. Trade Representative and the Commerce
Department.

BRAZIL’S NUCLEAR DEVELOPMENT INTENSIFIES

President Figueiredo, sworn in as president in March 1979, continued his
predecessor’s pragmatic foreign policy and overriding priority of economic
development issues, showing little interest in any East-West allegiance.
When Figueiredo met with a U.S. delegation in January 1980, he pledged
alliance with the United States against the Soviet Union, yet at the same
time he emphasized how vulnerable the Brazilian economy remained to oil
and that it would exchange soybeans for Soviet oil if need be. Similarly,
the Brazilian military regime did not support U.S. efforts to draw the line
against Communist aggression in El Salvador. In 1981, retired general Ver-
non Walters appealed for Brazil’s support for the U.S. initiative, exactly as
he had done sixteen years prior with the Dominican Republic. Except this
time, Itamaraty’s concern with national sovereignty prevailed. Seeing U.S.
actions as interfering with the internal affairs of another country, Brazil’s
response was a cool yet cordial no. All these decisions served to reinforce
the notion in Washington that Brazil was an unreliable partner in the
global Cold War. This lack of trust was furthered by Brazil’s 1981 decision
to “disinvite” the U.S. Peace Corps from continuing its presence in Brazil.
Any legacy of the perceived paternalistic dominance by the United States
was being deliberately disassembled by the Figueiredo administration.

In spite of—or perhaps because of—Brazil’s standoffish posture, the Rea-
gan administration began a campaign of sorts to undo the damage caused
during the Carter years and to convince Brazil to more actively support U.S.
foreign policy goals. In October 1981, Vice President Bush visited Brasilia
with the message that the Reagan administration understands “that Brazil is
an emerging world power with global interests,” and the administration is
“committed to forging an equal partnership.” The vice president’s personal
visit was meant to signify the beginning of this process of forming a part-
nership. As proof, Bush announced that the United States would make a
special-case exception to allow Brazil to buy fuel from the United States for
its nuclear reactor. This was an exception to a nonproliferation law passed
by Congress in 1978 which prohibited the sale of uranium to countries that
had not implemented adequate safeguards of their nuclear programs. The
two presidents also exchanged visits in 1982. Notably, President Figueire-
do’s visit to Washington in May 1982 was the first for a Brazilian president
in eleven years. And President Reagan’s November visit, intended to show his personal endorsement for improved relations with Brazil, resulted in the creation of five working groups to deal with mutually beneficial issues such as economic and scientific cooperation.

However, these efforts to recreate goodwill between the two countries did not result in substantively increased bilateral engagement. First, President Reagan did not deem Brazil a foreign policy priority. According to Ambassador Robert Sayre, there was little change in U.S. policy toward Brazil when President Reagan became president, in that “with respect to Latin America, Reagan’s focus was on Nicaragua and other problems in Central America.”4 Second, U.S. cooperation with Brazil was impeded by Brazil’s nuclear development program. With a 102 percent annual inflation rate, and $81 billion in foreign debt (31 percent of GDP) in 1981, which increased to $120 billion by 1987 amid the context of spiraling international interest rates, the 1980s was hardly an optimal time to develop Brazil’s extremely expensive nuclear program. However, Brazil’s pursuit for energy independence and one-upmanship with Argentina eclipsed short-term financial constraints during this time. Brazil’s nuclear program developed on two tracks in the 1980s. One was the official civilian-run program for peaceful nuclear development, carefully monitored by international inspectors. The second parallel path operated seemingly without budget constraints and was supervised by the armed forces and Brazil’s National Nuclear Energy Commission (CNEN). Not under the eye of the International Atomic Energy Agency, this “parallel program” aimed to develop nuclear weapons.

This push for nuclear capacity built momentum and began to show results in the early 1980s. In February 1983, Brazil got a step closer to developing nuclear weapons when it produced its own plutonium and reprocessed it in a plant not open to international inspectors. And the nuclear rivalry between Brazil and Argentina intensified, at least rhetorically. In response to Argentina’s claim that it had established an enrichment plant capable of producing weapons-grade material in 1983, Brazil warned its rival that it was planning on mastering nuclear technology and would ultimately be able to produce an atomic bomb.5 This type of potential arms race concerned the Reagan administration more than a nuclear Brazil in and of itself. Ambassador Richard Melton described the sentiment in the late 1980s well, saying, “I don’t think Brazil was ever viewed as a wanton destabilizer with aggressive intentions, but it was potentially capable of transferring dangerous technology to other less peaceful parties whose purposes might have been inimical to the U.S.”6

In addition to its pricey yet progressing nuclear program, Brazil was developing an already large arms industry. By 1983, Brazil had become the largest arms exporter in the developing world, exporting armored cars,
tanks, and rockets to the Middle East, with estimated annual military sales of $1 billion. Frighteningly for Washington, Iraq was Brazil’s best customer. The Reagan administration was also concerned with President Figueiredo’s refusal to sign the NPT; consistent with his predecessor’s stance, Figueiredo insisted that the treaty legitimized an unacceptable division between militarily nuclear and nonnuclear countries. Interestingly, Reagan’s response was to work with, rather than further alienate, Brazil. As Ambassador Richard Melton explained, “The U.S. position initially was to say that countries that did not sign the NPT could not expect any cooperation in the nuclear field.” However, “Over time, we moderated our view and decided that there were other ways to prevent proliferation beyond the confrontational stance that we had taken.” Accordingly, the Reagan administration shifted tactics in 1983, focusing instead on pressuring the Brazilians to ratify the Tlatelolco Treaty—a hemispheric nuclear nonproliferation agreement consistent with the NPT.

Adopting the mantra, perhaps, of keeping one’s friends close but one’s enemies even closer, Washington also agreed to provide sensitive technology for Brazil’s rapidly growing arms industry. One analyst explained the strategy as one that would assist Brazil in acquiring a nuclear power capability in order to satisfy prestige considerations and its desire to benefit from technological breakthroughs, while at the same time keeping Washington informed about Brazilian capabilities and intentions. The Reagan administration had learned from Brazil’s 1975 agreement with West Germany that Brazil could easily turn elsewhere if it could not procure the desired technology from the United States. After long negotiations, in February 1984 Brazil and the United States restored military ties. Specifically, Secretary of State George Shultz and Foreign Minister Ramiro Saraiva Guerreiro signed an agreement outlining that the United States would supply Brazil with advanced weapons technology. The quid pro quo for supplying this sensitive technology was Washington’s right to approve sales of all Brazilian weapons built using U.S. technology. The arrangement aimed to mitigate any sales to such unsavory countries such as Libya or Iraq, both important customers of Brazilian weapons.

But Brazil continued its propensity to sell weapons to just about anyone, working around the trade restrictions outlined in the agreement. In October 1984, Brazil signed a five-year military cooperation agreement with Saudi Arabia—a country that had also refused to sign the NPT. Later in 1988, Brazil began negotiations to sell ballistic missiles to Qaddafi’s Libya, justifying the move on the grounds that the country’s economic situation did not allow it to behave differently. While the February 1984 accord had not yet been put into effect, the actions represented an undeniable departure from the spirit of the agreement. Moreover, aggressive rhetoric emanating from Brasilia only increased. “To manufacture atomic bombs is not our
objective, but, if necessary, we will," stated secretary for army science and
technology General Maximiano Fonseca in March 1987. He went on to as-
sert that if Brazil dedicated sufficient resources to the goal, it could produce
atomic weapons in two years’ time.11 Six months later, President Sarney
announced that Brazil had mastered the technique for making highly en-
riched uranium, which ultimately could be used to make nuclear weapons.

Surprisingly, as Brazil’s nuclear threat intensified, Washington’s response
remained measured and calm, marked more by disappointment than fear.
In 1989, a congressional delegation including four U.S. senators visited
Brazil for the stated goal of "listening and learning." The main issues of
concern for the delegation were the Amazon and the technology used
to monitor it. Brazilians had been pursuing technology to build satellite
launchers to monitor the Amazon as well as improve telecommunications.
But it refused to make its plans available to the public. Washington was
logically concerned about dual use—that this technology would be diverted
for use on military missiles. Said one State Department official about Bra-
zil, "They say they want to enrich uranium in order to control the nuclear
fuel cycle but don’t want a weapon. So they ask us, why do you withhold
technology? We then ask them why they won’t sign the non-proliferation
treaty. Frankly, we talk past each other."12

The tone from Washington, then, was more of frustration than fear.
Accordingly, concern with Brazil’s nuclear trajectory was not pronounced
enough to catalyze sustained high-level attention by the White House. As
James Ferrer, deputy chief of mission in the Brazilian embassy from 1986
to 1990 explained, "We were worried, but the threat was not immediate."13
James Chamberlin, a State Department official who worked on the Brazil
desk in the early 1980s, echoed this sentiment, asserting that the fear of
Brazil having nuclear weapons in and of itself was shadowed by concern
with the regional effects of this increased power. "From the proliferation
perspective," according to Chamberlin, "people were more worried about
Argentina than Brazil."14 The perceived lack of immediacy to the threat also
facilitated multiple messages emanating from Washington. While the De-
partment of Defense was most concerned with the possibility of a nuclear
Brazil, the Commerce Department prioritized military sales and the loos-
ening of export restrictions to Brazil.15 The result was a policy that aimed to
eliminate Brazil’s capacity to develop nonpeaceful nuclear power while at
the same time providing the technology necessary for nuclear development.

Ultimately, Brazil’s financial difficulties and the debt crisis worked in
Washington’s favor with regard to Brazil’s nuclear development. Initial
expenditures for the nuclear program outlined in the 1975 agreement
with West Germany were estimated at $10 billion; by 1980, these pro-
jected implementation costs had grown to $40 billion.16 These financial
demands were coming at a time of an unprecedented foreign debt burden,
a global economic recession, and stubborn unemployment and poverty levels. Financial constraints were one of the principal causes of Brazil's abandonment of nuclear development, and the country's economic difficulties forced its return to the "grantor-grantee" relationship with the United States, a dynamic that was comfortable for and well understood by Washington. Revealing the troubled financial aspect of the program, Brazil's principal state-run nuclear energy company was liquidated by President Sarney in September 1988. The nuclear program had cost Brazil an estimated $7 billion over the previous ten years and had borne little fruit. Brazil's nuclear program was officially dismantled in 1998.

DEBT AND TRADE TENSIONS

The economic crisis which struck Brazil in the early 1980s, lasting for the remainder of the decade, added another layer of complexity to Washington's efforts to rein in Brazil's nuclear program. As the showcase for moderate capitalist development in Latin America, the pro–open-market Reagan administration was eager to keep Brazil's economy from hitting rock bottom. The roots of Latin America's debt crisis which broke out in 1982 are well understood and do not require further analysis. In short, after Mexico's debt default in August, Brazil realized that it also could no longer honor its foreign obligations. After having gone through a similar process with Mexico, the United States offered a bridge loan to Brazil in November of that year. President Reagan brought this welcome announcement in person when visiting Brazil in late 1982, offering $1.2 billion in short-term loans from the U.S. Treasury, $5 billion in IMF credits, and a temporary waiver of import quotas for Brazilian sugar. He also dropped the previous demand that Brazil end its export subsidies and allowed Brazilian ethanol exports to enter the United States.18

According to a USAID strategic report for Latin America, the emergency loan reflected Brazil's importance to the United States due not only to the direct economic linkages between the two countries, but also because of "Brazil's actual and potential influence on the rest of Latin America as well as the world." The loans to both Mexico and Brazil revealed a shift in administration policies, a departure from Reagan's initial reliance on private capital and his distrust of international financial institutions. The Brazil loan also represented a revival of sorts of the special relationship—of a United States willing to play the benevolent benefactor in exchange for "the right" policies emanating from Brasilia. In the hope of strengthening ties with Brazil and thereby gaining a powerful ally in the Cold War, the Reagan administration also looked for areas of cooperation with Brazil. The working groups established during Reagan's visit were an example of this
search for common ground as was the publicly displayed personal affinity between presidents Reagan and Figueiredo. Even amid nuclear concerns and economic difficulties, the traditionally strong ties between U.S. and Brazilian presidents continued. Both were known for their comfort with informality and had a strong rapport. During Reagan’s 1982 visit, the two presidents went horseback riding at Figueiredo’s ranch and dined on barbeque while enjoying the music of Willie Nelson. However, when President Reagan addressed the “people of Bolivia” in a dinner toast in Brasilia, many interpreted his slip of the tongue as a clear reflection of his ambivalence toward, or at least lack of knowledge of, Brazil. This lack of concern certainly played out in policy decisions. While the Reagan administration’s hope for increased cooperation with Brazil was undoubtedly sincere, it did not translate into tangible policy decisions.

It was not until the 1989 Brady Plan and its focus on debt reduction that Brazil and the rest of Latin America were able to emerge from the “lost decade.” Brazil muddled through this time, attempting several different “heterodox” economic strategies to address its chronic inflation and balance-of-payments problems. While several Brazilian presidential administrations attempted to stabilize the economy through three different currencies and as many stabilization plans, including those of the outgoing military regime as well as the democratically elected presidents, relations with the United States centered on debt and trade. Washington was slow to find a political solution to the debt crisis, prioritizing the viability of those U.S. bankers which held approximately half of Brazil’s foreign debt.

COMPUTERS, TRADE SQUIBBLES, AND FOREIGN POLICY DISTANCE

As part of the Figueiredo administration’s attempt to stimulate Brazilian production, in 1984, the Brazilian Congress passed a bill mandating that any new foreign computer or data-processing company operating in Brazil must produce solely for export. As the development of a homegrown computer industry was deemed critical to Brazil’s national security, the large and profitable Brazilian market would be reserved just for Brazilian corporations for the next eight years. Additionally, the Brazilian government effectively bought out existing companies already operating in Brazil by government mandates. For example, IBM was forced to cut its production in Brazil by two-thirds but was given the right to charge three times its normal profit on its remaining sales, leaving its overall profit largely unchanged by placing the burden on the Brazilian consumer. The Brazilian government continued to buy off several other multinational companies—including other electrical equipment such as grocery store scanners and automobile
windshield wipers—by promising market reserve. Dubbed the “informatics” issue, the protection of Brazil’s computer industry caused profound market distortions in the Brazilian economy and developed into a serious bone of contention with Washington.

This informatics law, passed at the end of Brazil’s last military administration, was carried over into Brazil’s first democratic administration of José Sarney. And the more the Reagan administration attempted to change the policy through private negotiations, public criticism, and threats of retaliation, the more the Sarney administration resisted. Casting the issue in nationalist terms, President Sarney stated in 1986 that “it is fundamental for our survival as a sovereign nation and for the welfare of our people that we exercise control over the scientific and technological instruments that will shape our future.” In operation, the Brazilian government relied on the principle of “functional equivalency,” banning the import of a product if a comparable Brazilian product existed (or if there was even the intent to produce it). In addition to forcing Brazilian companies to rely on substandard computers costing twice the international price, it banned U.S. companies such as Microsoft from the Brazilian market. It went on to restrict imports of software from Microsoft and subsidized a small domestic software company to come up with its own version of MS-DOS, a product the U.S. government felt was pirated.

Partly to discuss these trade issues, President Sarney visited the United States in 1986. However, his dual purpose was to attract attention to the “new” Brazil. Since taking office the year before, Brazil had peacefully ended twenty-one years of military rule and was one of the only Latin countries recovering from the debt crisis, experiencing solid growth and paying foreign debt with its large trade surplus. As Riordan Roett explained at the time, Sarney was not coming to Washington “just to negotiate trade problems, but to symbolize that Brazil is an equal partner of the United States.” In turn, the Reagan administration saw the visit “as an effort to strengthen bridges with Brazil in recognition of Brazil’s clear emergence as a regional influence in the last years of the 20th century,” stated Roett.

Indeed, Brazil was now coming to the table as a successfully democratized state—one of the few feathers in Brazil’s cap during the troubled debt crisis years. Tellingly, when Brazilian Ambassador Marques Moreira started his post in Washington in 1986, he described how he “only had one trump card—namely democratization, which brought a new legitimacy to Brazil’s position.”

But, in spite of the fact that Reagan recognized Brazil’s importance and applauded its successful democratization, very little in the way of substantive engagement occurred between the two countries. Government officials from both countries worked together on trade, debt, and nonproliferation issues. However, Washington’s principal goal in regard to Brazil—gaining
a Cold War ally—was clearly not to be met. A Brazilian journalist summarized the core issue well, stating that "on foreign policy issues, there's just not going to be much give." Unlike decades past, U.S. financial assistance was not sufficient to garner Brazil's foreign policy support. President Sarney would not back Washington's involvement in Central America or its struggle against global Communism. With no expressed interest in Washington's most important foreign policy endeavors, high-level engagement was not forthcoming.

Meanwhile, tensions between the two countries had returned in the mid-1980s, revolving around trade and Brazil's independent foreign policy. During Sarney's visit, which was described by both countries as "extremely warm," President Reagan publicly extolled Brazil's accomplishments, highlighting its successful return to democracy, its ability to service its foreign debt, and its lowered inflation. But Reagan went on to deliver an undeniable critique of Brazil's trade regime by explaining that "trade must be free, and it must be fair. . . . No nation can expect to continue freely exporting to others if its own domestic markets are closed to foreign competition." In retaliation to Brazil's informatics law, in mid-November 1987, President Reagan announced punitive tariffs covering $100 million worth of Brazilian imports. Brazil was also criticized in Washington as a free rider—demanding lower tariff barriers abroad yet hiding behind its own highly protected economy. In November 1986, the Office of the U.S. Trade Representative released a three-hundred-page report on the world's trade barriers. The report described Brazil as one of the world's most closed economies, elaborating on its myriad trade restrictions including tariffs, licensing restrictions, export subsidies, and foreign investment barriers. For its part, Brazil held that the U.S. economy was just as closed—that it only opened up those markets in which it already held an advantage while protecting less competitive markets such as steel.

Moreover, Brasilia's increasingly independent and pragmatic foreign policy ran against Washington's Cold War focus. The seemingly automatic alliance between the two countries in the United Nations had eroded as the two voted on opposite sides. In 1986, Brazil sponsored an initiative in the United Nations to have the South Atlantic declared a "peace zone," a project that Washington opposed, as this had the potential for restricting the access of the U.S. military. Brazil sold grain to the Soviet Union despite the U.S. boycott, and critiqued U.S. support of the contras in Nicaragua. Brasilia also reestablished diplomatic ties with Cuba in 1986. Indeed, the bilateral relationship was described in the U.S. media as "allies increasingly at odds." Further, it was clear by the late 1980s that relations between the two countries had become much more privatized as compared to previous decades. Multinational corporations and commercial banks played as important a role in U.S.-Brazil relations as did their federal governments.
Accordingly, aside from the nuclear concern, there was very little in the way of public policy making toward Brazil.

**MISMATCHED PRIORITIES**

In full, the United States and Brazil had very little overlap of policy priorities during the 1980s. First, Brazil wanted a political solution to the debt crisis incorporating the social cost of the debt crisis, while the United States was not open to debt forgiveness until the 1989 Brady Plan. Brazil also prioritized the deleterious effects of high interest rates and opening up the U.S. market to more Brazilian exports. Second, Brasilia aggressively pursued nuclear know-how while Washington worked to limit Brazil’s acquisition of nuclear weapons. While this clearly mitigated cooperation, significant policy engagement did not occur, as the threat was not imminent. Finally, Brazil had no interest in the global Cold War, Washington’s foreign policy priority. The United States wanted Brazil to be more critical of Castro’s Cuba and Cuban troops’ influence in Africa, and to become more involved in Washington’s anti-Communist efforts in Central America, but the Sarney administration was against these interventions.

A speech by Assistant Secretary of State for Inter-American Affairs Thomas Enders in August 1981 called on Brazil to be a partner of the United States, emphasizing that as two of the most important forces in the international money market, Brazil and the United States had several common responsibilities, including securing the free flow of international capital, stabilizing Africa, and containing the Soviet Union.31 While Enders’ emphasis on cooperation as equal partners was welcomed in Brazil, the Cold War perspective was one that Brazil did not share. Economic development comprised Brazil’s prime objective, while Reagan was concerned about South America mainly in terms of its Cold War role, specifically how it might help contain Communist influence in the Soviet Union and Central America.

These priority “mismatches” translated into the absence of sustained high-level policy attention toward Brazil. As James Ferrer explained, “There was the recognition by the Reagan administration of Brazil’s importance and an attempt to improve relations, but the two countries never found areas of cooperation.”32 The two countries’ principal trade agencies, the U.S. Trade Representative and Itamaraty, did indeed work closely together, along with the U.S. Department of Commerce. For example, Brazilian and U.S. trade representatives met four times annually. However, as is traditionally the case with economic issues, this engagement was limited to the bureaucratic level and never percolated to the White House to demand sustained attention by President Reagan. The countries’ vastly different foreign
policy priorities, a result in part of the ongoing bilateral power disparity, meant that sustained engagement did not materialize.

The contrast in policy attention toward Brazil between the 1960s and 1980s is striking. In the 1960s, Brazil was recognized as a unique economic and political force in the region with huge potential. In addition, keeping it from going Communist was seen as key to the fate of the entire Western Hemisphere. Accordingly, says Ambassador Melton, in the 1960s, “The State Department dedicated significant manpower to the country, training officers to be specialists on Brazil, giving them language and area training and several assignments to that country or in Washington working on Brazil matters. . . . The cadres developed in this way helped to provide some continuity to our approach.” However, “by the late 1980s, this group of specialists had long since been disbanded; the systematic effort to develop a corps of Brazilian experts had long dissipated. We continue to pay a price for our loss of foresight in this area.”33 The lack of attention was also resented in Brazil. In a 1986 *Foreign Affairs* article, President Sarney wrote that “No one should expect Brazil, with its riches, with its potential, with its determination, to be a second-rate country. We have a different vision of ourselves, and we expect the United States to share that vision.”34 The two countries’ relative power disparity, however, meant that Brasilia and Washington had quite different visions of Brazil.

**NOTES**


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21. The Brady Plan was a massive debt-relief plan designed under U.S. Treasury Secretary Nicholas Brady, aimed at addressing the debt crisis of the 1980s. It differed from previously attempted debt plans by actually cutting developing countries’ debt burden as opposed to expecting eventual full payment.
28. The pressure apparently paid off; the dispute eased when later in 1987, the Brazilian Congress ruled to extend copyright protection to software and to allow the import of foreign software.
34. José Sarney, “Brazil: A President’s Story,” Foreign Affairs 65, no. 1 (Fall 1986): 117.
Part III

POST–COLD WAR
When the first Bush administration took office in 1989, Brazil’s democratic transition was more than three years old and the debt crisis had begun to stabilize. Two causes of tension between the United States and Brazil had dissipated. Further, after the ideological intensity of the Reagan administration, specifically with regard to U.S. actions in Central America, George Bush was seen to auger in a more pragmatic U.S. leadership. With Cold War concerns dying down along with Brazil’s and the United States’ opposing stances on them, the stage appeared set for increased U.S. cooperation with Brazil. However, issues of mutual concern during this time were largely limited to the economic realm—never sufficient to catalyze sustained high-level policy attention by Washington. With Brazil’s nuclear threat eliminated after 1990, Brazil reverted to its role as an overall friendly yet ultimately nonthreatening neighbor. Brazil was an economically broken, politically fragile country, hence the power disparity between the two countries was acute. Coupled with the ongoing differences in the foreign policy priorities of each country, George Bush’s tenure did not see an increase in policy engagement with Brazil.

The exception to this absence of common priorities was trade. Trade concerns consumed much of U.S. policy toward Brazil during the first Bush administration; Brazil policy was thus largely created in the Office of the U.S. Trade Representative. Carla Hills, U.S. trade representative from 1989 to 1993, was focused on Brazil for much of her tenure, implementing an economic policy toward Brazil consistent with the U.S. policy toward most of its trading partners. Driven by a protectionist Congress and worries about the increasing strength of Japan, trade policy had a clear “bullying” element reflected by the “Super 301” clause of the 1988 U.S. Trade Act. This clause
Chapter 10 required the U.S. trade representative to make a list of problem countries and their worst trade practices; the United States would then negotiate away these measures using trade retaliation as a threat. President Bush named Brazil as an “unfair trader” in May 1989 due principally to the license requirements it placed on imports and its quantitative import restrictions. He threatened trade retaliation under Super 301 if changes were not addressed quickly, a demand that Brazil responded to with ire. In June of that year, Bush extended steel import quotas against twenty-nine countries, including Brazil, in order to “permit the negotiation of an international consensus to remove unfair trade practices.”

Many of these tensions subsided with the preinaugural visit of President-elect Fernando Collor de Mello to Washington in January 1990. Emphasizing his personal interest in the Bush administration’s trade concerns, President Collor committed to change Brazil’s interventionist state model, to lower import restrictions on U.S. information technology products, and to open up the Brazilian economy to increased foreign investment. Washington responded with alacrity: Brazil was dropped from the “hit list” of unfair traders in April 1990, several trade sanctions were lifted in June 1990, and ninety categories of Brazilian products became included in the General System of Preferences (GSP) which allowed for tariff-free entry into the United States.

President Bush had an amiable relationship with President Collor; in particular, Bush was impressed by Collor’s rapid and determined efforts to reform the Brazilian economy. In a 1990 visit to Brazil, Bush stated that “Brazil today is poised to enter the 21st century as a leader among nations. . . . I am here to tell you that you are not only on the right path, but the United States wants you to succeed and supports your efforts every step of the way.” This and similar statements comprised a pattern of U.S. rhetorical attention to and praise for Brazil. Yet, importantly, the words contrasted sharply with the absence of real policy attention toward Brazil by the Bush administration. George Bush’s Latin America interests were largely limited to Central America (specifically Nicaragua and Panama), addressing the ongoing debt crisis, and promoting an incipient North American Free Trade Agreement (NAFTA). Aside from cooperation to resolve the debt crisis, Brazil had no interest in Washington’s other Latin American priorities. This dearth of dual priorities meant that minimal engagement occurred.

President Collor also implemented sea changes in Brazil’s nuclear policy, thereby removing a major U.S. concern with regard to Brazil. In the short run, this created less reason for diplomatic involvement. Renouncing any nuclear aims of previous decades, Collor publicly closed the country’s nuclear reactors in September 1990 and began a policy of allying Brazil with the United States. While Collor’s pro-West strategy was relatively short lived, as corruption allegations forced his resignation in December 1992,
his economic policies and nuclear departure removed two significant bones of contention between the two countries. These policies also eliminated a mutual area of interest and concern—Brazil’s nuclear trajectory. While in the long run Collor’s decisions better positioned Brazil as a respectable world power, in the short run they eliminated an incentive for U.S. attention and concern.

Reflecting a less ideological, more pragmatic approach to Latin America, President Bush launched the Enterprise for the Americas Initiative (EAI) in June 1990. The trade proposal envisaged a “free trade area stretching from Alaska in the north to Tierra del Fuego in the south,” starting with the then-pending NAFTA and building from there to unite the hemisphere’s three-quarters of a billion consumers. On top of its sizeable trade potential, the EAI also spelled out provisions aiming to reduce the official debt that the lesser-developed countries of Latin America owed to the United States, to encourage foreign direct investment, and to promote environmental protection. Political scientist William Perry noted that the EAI was not an altruistic or merely symbolic gesture. Instead, it was intended to lock democracy and liberal economic practices into Latin America, while at the same time enhancing the U.S. trade position and staving off political and security problems that might prove problematic to Washington in the future.

For Latin America countries, the trade initiative represented the real possibility for increased access to the U.S. market and a shift away from Cold War fears. Describing the Latin response to Bush’s 1990 trip to Latin America to promote the EAI, the Financial Times reported that “leaders in the region are convinced that Mr. Bush’s presence symbolizes the beginning of a new era... They believe mutual antagonisms over security interests have faded away with the end of the Cold War, while cooperation has been enhanced with the region-wide consensus on market-oriented economic policies.” The EAI also placed ongoing trade squabbles in the broader context of a U.S. government willing to open its market, eager for democratic consolidation in Brazil and the rest of the region.

Reflecting this sense of optimism and cooperation, in a widely heralded announcement on June 19, 1991, President Bush presented his "Rose Garden Agreement," which represented the first trade agreement of the EAI. The agreement was signed by the United States and the four Mercosur countries: Brazil, Argentina, Paraguay, and Uruguay. The grouping later became known as the “Four Plus One” and became the precedent for the Free Trade Area of the Americas (FTAA)—the major trade proposal to extend NAFTA to include all of South and Central America. It was also during this 1991 state visit by Collor that President Bush welcomed the Brazilian president to the White House, describing him as a "bold, active president" and declaring that the U.S.-Brazilian “relationship has never been better.”
Soon after the signing of the Rose Garden Agreement, however, two quite different negotiation strategies emerged between Washington and Brasilia. The Bush administration preferred to expand NAFTA by conducting bilateral negotiations one country at a time, while Brazil wanted to strengthen existing trade blocs, namely Mercosur, and negotiate between these blocs. Further, individual trade frictions had not disappeared; they boiled down to the simple reality that Brazil wanted “to sell more shoes and orange juice to the United States while protecting its auto industry,” while the United States wanted “to sell more autos and auto parts to Brazil, while keeping Brazilian competition to domestic orange growers and shoe manufacturers at bay.” These fundamentally diverging priorities contributed to the ultimate demise of the EAI before any of its goals were realized. And while the initiative effectively denoted a shift from a Cold War U.S.-Latin relationship based on assistance and security to one of cooperation and “win-win” possibilities, the failure of the EAI revealed the ongoing difficult and competitive nature of the trade relationship between the United States and Brazil.

The nature of Washington’s relationship with Brasilia was revealed not only through its bilateral exchanges, but also in the exchanges that did not occur. The 1991 Persian Gulf War was an interesting case in point. Brazil supported the UN trade embargo on Iraq set after the war began in 1991, but it refused to send supplies to anti-Iraq forces and also denied British requests to supply military doctors. Its actions stood in sharp contrast to neighboring Argentina which provided two warships to the war effort. U.S. Ambassador Richard Melton urged Brazil to “assume its responsibilities” if it wanted to reach President Collor’s stated goal of being considered part of the First World. But ultimately it passed up the opportunity to be part of the coalition against Iraq. Itamaraty’s intrinsic value of national autonomy and defense of sovereignty prevented it from participating in an intervention that, despite a multilateral effort, violated Iraq’s sovereignty.

In addition to this pacific foreign policy tradition, Brazil’s role in the conflict was complicated by its strong trade relationship with Iraq prior to the war. Iraq had been Brazil’s largest arms customer and still owed significant commercial debt to Brazil. These factors led Itamaraty to look for ways in which Brazil could stay on the sidelines. “This was not popular in Washington,” explained Deputy Chief of Mission in Brasilia Mark Lore, “but it wasn’t terribly important either because essentially we had our coalition. We didn’t really need the Brazilians, we just wanted them to stay out of the way. They did so, so that was pretty much it.” The Gulf War, then, exemplifies a significant missed opportunity for cooperation between Brazil and the United States. Because Brazil did not similarly prioritize the goal of stopping Iraq’s aggression, there was not an opening for engagement.
BRAZIL AS PART OF CLINTON’S “DOLLAR DIPLOMACY”

Elected in 1992 under the slogan “It’s the economy, stupid,” President Clinton began his term with the expressed goal of elevating the importance of international commercial policy, personallypledging to place U.S. economic competitiveness at the heart of his foreign policy. The Clinton administration recognized Brazil’s huge trade and investment potential, and with a booming U.S. economy, the stage was set for minimized trade sensitivities with Brazil. In addition to completing NAFTA, President Clinton continued his predecessor’s push toward hemispheric trade integration. At the December 1994 Summit of the Americas in Miami, the United States along with thirty-four American and Caribbean countries agreed to a 2005 completion date for the FTAA. While the prospect of further liberalizing trade barriers was coolly received by President Itamar Franco, cooperation on trade increased when Fernando Henrique Cardoso began his presidential administration in January 1995. Not unlike the initial flurry of economic reforms initiated by Collor five years prior, Cardoso aggressively—and this time successfully—pursued economic opening.

President Cardoso visited Washington in April 1995, starting what became a strong friendship with President Clinton. The two leaders had a unique personal relationship, were “intellectual soul partners,” and saw the future of the United States and Brazil moving together in mutually beneficial paths. The two first ladies were also close friends, and the Cardoso family was one of only two world leaders invited to Camp David to socialize with the Clintons. This personal bond was mirrored in the official statements by each leader toward their respective countries. “With our two nations cooperat ing as never before, we stand at a moment of unparalleled opportunity,” Clinton said in a news conference with Cardoso in 1995. “In the months and years ahead, I look forward to working with President Cardoso to forge an even stronger partnership between our nations and our peoples.” Cardoso echoed Clinton’s exuberance, stating that he came to Washington with the “desire to bring our countries even closer together. I am convinced that the time has come for us to elevate bilateral relations to a new level. . . . A long friendship unites our two countries. It is a friendship based on a history of shared values and joint undertakings.”

As part of this effort to elevate relations with the United States, the Cardoso administration continued Collor’s stated goal to incorporate Brazil into the First World. In October 1995, due in part to continuous pressure from the United States, Brazil was accepted as a member of the Missile Technology Control Regime (MTCR), an institution established to limit the proliferation of ballistic-missile capabilities. This paved the way for a 1996 agreement on peaceful nuclear cooperation allowing Brazil to purchase nuclear materials from the United States. While this did not denote a shift
in overall policy attention, the agreement revealed the potential for Brazil to become a more reliable world partner for the United States. The Brazilian Congress also approved an intellectual property law in 1996, easing one of the most contentious trade disputes with the United States, and in 1997, ratified the anti-land mine treaty. Finally, and most notably, the Brazilian Congress ratified the NPT in 1998, revealing Brazil’s definitive rejection of the development of nuclear power for nonpeaceful purposes. Brazil instead emphasized its role as a conflict mediator—a referee between the developing and developed worlds. It also asserted global leadership through its soft-power attributes of population, economic strength, and diplomacy.16

In full, Brazil under President Cardoso followed a path of accommodation to globalization, U.S. power, and the existing international institutions controlling missile technology and nuclear proliferation.

Washington returned these steps in kind, with clarification of its intentions toward its friendly neighbor. With the memory of a potentially bellicose Brazil with nuclear aspirations as ancient history, Clinton made it very clear that the United States supported the growth and strengthening of Brazil. Secretary of State Warren Christopher also extolled the importance of Brazil as an ally of the United States, calling Brazil “a natural partner of the United States” and stating that “perhaps we have not been as close to one another as we should have been, but that is changing. Now we have the chance to combine our strength and form a strategic partnership.”17 President Clinton also made it abundantly clear that it was in the United States’ national interest to have an economically stable and growing Brazil. Speaking in Brasilia in October 1997, Clinton asserted how important it was that “the people of Brazil understand that just as with the trade issue and Mercosur, the United States would never knowingly make any suggestion that would undermine the growth of Brazil or any other country. It is not in our interest. . . . The vocation of Brazil and the United States is to stand together. I believe we stand together today as never before.”18 Finally, Brazil was named one of ten BEMs (Big Emerging Markets), those important economies with whom the United States wanted to foster commercial ties through trade and investment promotion policies.

True to Clinton’s words, the United States played an integral role in facilitating the IMF’s $41.5 billion rescue package for Brazil in November 1998, and Clinton made it almost his personal crusade to shore up international support for the overall emerging-market economic crisis. The cash infusion ultimately failed to shore up the Brazilian real, and Cardoso was forced to float the battered currency in January 1999. However, in sharp contrast to Argentina’s subsequent economic crisis which the IMF initially brushed aside, the IMF’s quick response—led by the United States—to Brazil’s financial turbulence reflected a degree of faith in Brazil’s economic fundamentals. The bailout signaled not only President Clinton and Treasury Secretary
Robert Rubin’s commitment to stemming financial contagion, but also the importance the United States placed on the stability of Brazil. Indeed, Cardoso saw Clinton as his main ally in his quest for international aid, to the degree that he worried that Clinton’s personal political crisis and his subsequent loss of political capital during this time would hurt the viability of the proposed IMF rescue package.  

The Clinton/Cardoso administrations saw limited, yet noteworthy, engagement between the State Department and Itamaraty. While Brazil never meaningfully supported Plan Colombia, in July 2000 the two countries signed a space-cooperation agreement allowing American companies to launch rockets or satellites from Brazil’s Alcantara Launch Center in the northeastern state of Maranhão. Further, an agreement was made between Undersecretary of State Thomas Pickering and Foreign Affairs Minister Luiz Felipe Lampreia to meet on a biannual basis to promote and institutionalize dialogue between the two countries.

However, while bureaucratic cooperation took place and presidents Clinton and Cardoso repeatedly spoke of their countries’ strong friendship and the importance of a strategic partnership, the two leaders were relatively unsuccessful in furthering this bilateral bond in practice while in office. Aside from the IMF rescue package, the Clinton administration did little with Brazil. Tellingly, the president visited Brazil only once during his two terms, and when Secretary of State Warren Christopher visited Brazil in 1996, it was the first visit to Brazil by a secretary of state in eight years. Then-Undersecretary of State Pickering later lamented, “There was no positive agenda. Neither the State Department nor the National Security Council [NSC] was able to organize a strong enough focus on Brazil. . . . The people handling Brazil didn’t have clout, while those with clout didn’t have time.” While the State Department wanted to pursue stronger ties with Brazil and promote this positive agenda, it was unable to convince the NSC to do so; competing pressures and crises such as the Balkans took the oxygen out of the Brazil policy arena. William Perry described the compatible yet ultimately dormant nature of the U.S.-Brazil relationship during this time: “The Cardoso and Clinton administrations saw eye-to-eye on many matters and relations became quite normal again, if not always especially characterized by concrete cooperation.”

The Clinton administration’s lack of high-level attention to Brazil was indeed paradoxical in that his elevation of commercial relations on the foreign policy agenda certainly represented a shift of foreign policy priorities more in line with those of Brazil. Undersecretary of Commerce for International Trade Jeffrey Garten summed up the administration’s belief well in his assertion that “foreign policy and national security will increasingly revolve around [U.S.] commercial interests” and that “economic diplomacy will be essential to resolving the great issues of our
Chapter 10

age. 22 President Clinton even changed the Washington foreign policy establishment, creating a Council of Economic Advisors in the White House, increasing the prestige and scope of the Commerce Department, and installing trade desks at the Pentagon. He also created the position of special envoy to the Americas, a job that was discontinued by the subsequent Bush administration. We would expect, then, to see increased engagement with Brazil—either cooperation or conflict—due to the similar prioritization of economic development.

We can first explain this apparent paradox by recognizing that bilateral engagement did indeed occur, but at the bureaucratic level. The two governments negotiated and resolved disagreements on intellectual property protection and worked on other trade issues such as ending Brazil’s market reserve on informatics. Ongoing differences in trade liberalization strategies continued, with the policy attention this entails, particularly with regard to steel and the FTAA. On the political front, Washington worked to pressure Brazil to join the MTCR, the two countries began environmental partnerships involving climate research and development of satellite imagery to monitor deforestation, and they worked together on medical research as well. 23 These were not headline issues and did not demand sustained high-level attention by the White House, but lower-level engagement did indeed occur.

Second, the Clinton administration was not able to secure the renewal of Fast Track after it lapsed in 1994—a message to Brazil and the rest of Latin America that Clinton could not deliver on his trade promises. The failure to “get” Fast Track was an important reminder of the entrenched domestic interests in the United States against freer trade. Further, a newly ratified NAFTA consumed much of the Clinton administration’s economic energy. Politically difficult in and of itself, Clinton’s economic focus was not on Brazil. Finally, Clinton’s desire to elevate the importance of economics in the national security agenda simply failed to work in practice. The National Security Council and State Department—the two principal foreign policy bodies in Washington—maintained their focus on diplomacy and national security rather than economics. This was (and is) in stark contrast to Brazil’s foreign ministry, Itamaraty, which handled all international trade and commercial issues. That is to say that while the Clinton administration did indeed value the importance of Brazil’s economic potential, the foreign policy apparatus of Washington maintained its focus on security. Clinton’s foreign policy shift was not as structural or profound as it perhaps appeared.

The United States’ superior relative power position vis-à-vis Brazil had a powerful impact on the bilateral relationship. The immediate post–Cold War era offered no imperative to increase engagement with Brazil, despite any affinity felt between the presidents. This power gap continued in spite of Brazilian actions furthering its role as a regional leader and a respected
international power. In August 2000, Brazil sponsored a meeting of South America’s twelve presidents in Brasilia. The summit covered a wide array of topics ranging from drug trafficking, democracy, and regional trade and had the end goal of creating a “USA of the South.” The meeting held the potential to rattle Washington for several reasons. In addition to the fact that U.S. leaders were not included as participants at the summit, the South American leaders also rejected Clinton’s appeal to declare support of the U.S.-led Plan Colombia. However, the White House officially supported the initiative even with the underlying concern that Brazil might unite South America into a unified bloc to rival U.S. hegemony in the hemisphere. Brazil’s flexing its political muscles was still just that—the advances of a large yet nonthreatening country toward asserting regional leadership.

Separately, Brazil’s membership in the MTCR and ratification of the NPT also represented decisions that had long-term consequences for shrinking the prestige gap between the two countries. Brazil had placed a stake in the goal of becoming a serious and respectable global power. However, in the short run, this embrace of nonproliferation ideals eliminated a cause for policy concern and attention, in effect consigning Brazil further down the priority list. Brazil was still far from becoming a major world power requiring policy attention in its own right. Brazil was not causing serious problems from Washington’s perspective, was not strong enough yet to successfully develop its own agenda with the United States, and chose not to participate in U.S. actions abroad.

NOTES

1. Hills even went to the extent to write an article in Portuguese analyzing Brazil’s reluctance to the FTAA, “Por Que Precisamos de um acordo de livre comércio para as Américas,” Política Externa 10, no. 2 (2001).
2. The clause expired in 1990 but was restored episodically over the next ten years.


13. Tony Blair and his wife were the only other couple invited to Camp David for social reasons during Clinton’s presidency.


24. In addition to sovereignty concerns and disagreement with the military component of Plan Colombia, Washington’s apparent disregard for the opinion of Colombia’s neighbors alienated Brazil. For example, James Bodner, principal deputy undersecretary of defense for policy, stated that the United States would implement Plan Colombia with or without regional solidarity. See Fernando Rodrigues, "Plan Colombia," *Folha de Sao Paulo*, 19 October 2000.
After September 11:
Signs of Convergence

Presidential candidate George W. Bush pledged in August 2000 that “should I become president, I’ll look south, not as an afterthought, but as a fundamental commitment.” This looked to be the case as President Bush’s first foreign trip was to Mexico as opposed to Canada, which traditionally had received the first presidential visit. However, U.S. relations with Brazil got off to an uneventful start when the new Bush administration and the U.S. Congress took over one year to fill the position of U.S. ambassador to Brazil after Anthony Harrington left his post in February 2001. And the prospect for deeper ties between the United States and Brazil was shattered after September 11 and the Bush administration’s seemingly exclusive foreign policy focus on terrorism. Brazil supported the United States after the 9/11 terrorist attack; it led the effort to invoke the Rio Treaty and was the first country to call the Bush administration to send condolences. However, and not surprisingly, this show of support was within multilateral boundaries, and Brazil did not send troops to either Afghanistan or Iraq. As Brazil was shying away from the Bush administration’s war on terror, Washington’s new foreign policy focus on the Middle East contributed to the delay in appointing Ambassador Harrington’s successor, a holdup that led to an even greater loss of momentum and a slowing in initiatives at the diplomatic level. But Brazil’s ongoing march toward grandeza would have important consequences for its relations with Washington over subsequent years, making bilateral relations anything but business as usual.
Chapter 11

THE BUSH ADMINISTRATION (2001–2009)

Trade disagreements dominated the bilateral relationship during President Bush’s first term. The two countries chaired the FTAA negotiation process in 2003–2004, a partnership that only served to further expose their different strategies. President Lula’s ongoing policy was to hold off on hemispheric integration until existing regional frameworks such as Mercosur were strengthened, allowing Latin America to negotiate from a position of greater strength. Critics of the Brazilian approach saw it as a thinly veiled stalling tactic to either put off hemispheric free trade completely or to buy time in order to increase competitiveness before opening up its borders to cheaper goods. Skeptics also argued that Itamaraty remained dominated by nationalist elements and never embraced hemispheric integration to begin with. For its part, the United States preferred to achieve an eventual FTAA by adding to NAFTA one country at a time, holding that individual bilateral agreements were more expedient and less likely to get bogged down in messy, multilateral negotiations. Critics of the U.S. approach claimed that its strategy of achieving an FTAA through individual bilateral negotiations would allow it to assert its overwhelming economic power to its advantage. Further, while President Bush secured Trade Promotion Authority (TPA) in 2002, its utility was undermined by the congressionally mandated exclusion from negotiation of hundreds of goods, many agricultural, thereby ensuring ongoing subsidies.2

FTAA discussions ended in failure during the November 2005 Summit of the Americas in Mar del Plata, Argentina, finally leaving the FTAA talks effectively dead. All countries save Venezuela supported the overall goal of further free trade, but they were unable to reach an agreement on how to get there. Both Brazil and the United States promised movement only after achieving domestically impossible goals and had backed away from the FTAA in favor of the World Trade Organization (WTO) Doha round (which, as we will see, also ended in failure). Lula decided to hold out on any FTAA agreement until after the United States addressed its agricultural subsidies, which the Bush administration claimed it could only consider changing in global negotiations that included the European Union and Japan.

However, the official rhetoric of strong U.S. ties with Brazil continued. This held true even with the most unlikely of bedfellows—presidents Lula and Bush. Much to the surprise of many in Washington who feared Lula would espouse a populist agenda upon his election in 2002, the former labor union leader continued Cardoso’s commitment to fiscal austerity and economic stability. Lula even received praise from then-Treasury Secretary John Snow and IMF chief Horst Köhler for his handling of the macro-economy.3 In spite of heightened trade tensions starting at the turn of the
century, both presidents kept their distance from these frictions, minimizing the importance of economic disagreements.

Instead, the Bush administration publicly supported Brazil’s “ascendancy,” emphasizing that in spite of chronic trade disagreements, the United States and Brazil were fundamentally compatible countries. As President Bush asserted during his 2005 visit to Brasilia, “As the largest democracy in South America, Brazil is a leader. . . . Brazil aspires to set an example for the continent by building a just social order where the blessings of liberty are enjoyed by every citizen of this great nation.”4 Karen Hughes, the State Department’s top official for public affairs, furthered this sentiment by pledging the United States’ support of Brazil’s “emergence” and its desire to help “Brazil continue its remarkable transformation.”5

These pledges of solidarity and closeness with Brazil were nothing new; what was different was that these words began to be backed by action. For example, in 2005, Undersecretary Nicholas Burns approached Antonio de Aguiar Patriota, then undersecretary of state for political affairs at Itamaraty, at the UN General Assembly and proposed that the two countries establish a strategic political dialogue.6 Burns highlighted that this was something the United States had with only four or five other countries including China, India, Russia, and Japan. Burns’ proposed strategic dialogue was not dramatically different from the existing commitment to biannual meetings between high-level State Department and Itamaraty officials established in 2000; however, it revealed a renewed interest in Brazil. Further, presidents Lula and Bush met three times in 2007, a historic first between Brazilian and U.S. leaders, to discuss a positive agenda. Tellingly, President Bush made eleven trips to Latin America between 2001 and 2007, the greatest number of trips by any U.S. president during a comparable period. During one of his meetings with Lula in March 2007, the two leaders signed an agreement to promote bilateral cooperation on ethanol development. Secretary of State Rice opined in March 2008 that Brazil should “play a major role, not just in regional affairs but in global affairs,” when commenting on Brazil’s leadership in Haiti.7

Recognizing the increased importance of Brazil, the State Department also began to shift its focus in President Bush’s second term. Starting in 2005, the State Department moved three hundred diplomats out of Europe to India, China, Indonesia, and Brazil. As Nicholas Burns described, “To shift three hundred positions in two years reflects the fact that we understand the world is changing, that the world balance of power is shifting, that it’s shifting now towards those countries that are rising in economic and political prominence.” He went on to explain how “Brazil is the emerging power in the Americas, and therefore the creation of a sustainable, long-lived close strategic political and economic partnership between our
two countries is absolutely indispensable to the United States and will be for the rest of our working lifetime.⁸

THE OBAMA ADMINISTRATION

Latin America, and Brazil in particular, greeted Barack Obama’s presidency in January 2009 with great excitement. Obama’s pronounced foreign policy of engagement was a welcome shift from the perceived unilateralism of the Bush years, and Brazilians found inspiration in Obama’s meteoric rise to president. After just one week in office, President Obama extended an invitation to President Lula to visit Washington. Coinciding with invitations to countries such as Russia and Germany, Washington’s contact with Brasilia seemed to reflect a newfound realization of Brazil’s influence in the Western Hemisphere. President Obama’s pick for U.S. ambassador to Brazil—Thomas Shannon—also revealed the priority placed on Brazil. Widely respected and trusted by Brazilians and recognized as one of Washington’s best diplomats, Shannon was viewed by both countries as an appropriate pick for such a “high-profile” ambassador post.⁹

Reflecting a sense of cooperation between the two governments, Defense Secretary Gates and Defense Minister Jobim signed a defense cooperation agreement on April 12, 2010. The broad agreement was the first between the two countries since Brazil left the previous cooperation accord in 1977. As a general template for enhanced cooperation, the agreement paved the way for increased coordination on research and development, logistics support, and the acquisition of defense services and products. “The agreement is a formal acknowledgment of the many security interests and values we share as the two most populous democracies in the Americas,” Secretary Gates stated at the signing ceremony. “These common interests make Brazil’s growing involvement and significance in global affairs a welcome development for the United States.”¹⁰ Undeniably, the narrowing of the power gap between Brazil and the United States had brought about increased room for bilateral engagement.

However, the U.S. relationship with Brazil during the Obama administration began with as much tension as cooperation. The Lula administration criticized the White House over its handling of the Honduras coup in June 2009 and openly opposed the increased U.S. military presence in Colombia. Lula’s overture to Iran represented the biggest source of discord between the two countries as Brazil refused to endorse U.S.-supported sanctions of the Ahmadinejad regime. Accordingly, Secretary of State Clinton met with President Lula and Brazilian Foreign Minister Celso Amorim in March 2010 in an effort to deepen U.S. ties with Brazil. However, she was unable to convince an increasingly confident Brazil to support sanctions;
Amorim warned that Brazil would not “bow down” to international pressure.11

True to Amorim’s pledge, Brazil helped broker a nuclear fuel swap agreement between Iran and Turkey in May 2010. The deal was intended to mitigate the need for international sanctions and initially resulted in a boost in Brazil’s prestige for brokering a deal that might have been impossible if handled by a less friendly country. Lula declared that the agreement, which he personally helped craft, proved that Brazil had finally become a global power broker. However, the fast-paced chain of events following the agreement appeared to prove the exact opposite. Shortly after Lula left Tehran, the head of Iran’s nuclear agency said that high-level nuclear enrichment in Iran would continue. Making the short-lived agreement completely moot, the UN Security Council went ahead and adopted sanctions against Iran on June 9, 2010. Brazil and Turkey both voted against the sanctions but agreed to abide by them.

Ultimately, Washington’s and Brasilia’s positions toward Iran may not have been as far apart as portrayed by the press. One Pentagon official explained that both countries had the same end goal: an Iran with civilian nuclear power used in a peaceful and verifiable way.12 The two countries merely disagreed on the function of sanctions, with the Lula administration holding that sanctions would isolate Iran and harden Ahmadinejad’s response. Publicly, Secretary of State Clinton underplayed the significance of the U.S. disagreement with Brazil. Referring to the Brazilian-brokered May 2010 agreement, Clinton described the U.S. response to the Lula administration:

We say, well, we don’t agree with that and we think the Iranians are using you and we think it’s time to go to the Security Council and that it’s only after the Security Council acts that the Iranians will engage effectively on their nuclear program. But our disagreement doesn’t in any way undermine our commitment to see Brazil as a friend and a partner in this hemisphere and beyond.13

Others found solace in the pragmatic nature of Brazil’s engagement, contrasting sharply with Venezuela’s more ideological camaraderie with Ahmadinejad. However, even assuming Brasilia and Washington shared the same end goal regarding Iran, Lula’s engagement with Iran and active support of Iran’s right to develop its nuclear capacity complicated his relationship with the Obama White House. Secretary Clinton was not the only one to express frustration. Brazilian Foreign Minister Celso Amorim voiced disappointment in the UN Security Council’s decision to go forward with sanctions before people could even analyze the nuclear deal known as the Tehran Declaration.14 Amorim regretted that in the end, “Some people could not take ‘yes’ for an answer,” making an unambiguous reference to
Washington. As the UN sanctions vote represented a rejection of Brazil’s efforts, the Lula administration felt forced to vote against it.

**ENGAGEMENT DRIVEN BY BRAZILIAN PRESTIGE**

Part of Washington’s renewed interest in Brazil beginning toward the end of the second Bush administration was driven by a very real shift in Brazil’s relative power and international prestige—a power convergence, one might say, with the United States. This attention was reflected in several arenas. The first was economic. In 2001, an economist from the Goldman Sachs Group Inc. named Brazil a “BRIC”—the large emerging markets of Brazil, Russia, India, and China, with such strong economic potential that their cumulative GDPs are predicted to eclipse those of the major developed economies by the year 2040. Brazil was a crucial commodity and energy provider, confirmed by the fact that Brazil became a net fuel exporter in 2006 and discovered vast new oil fields off the coast of Rio de Janeiro beginning in 2007. Brazil’s global leadership in the production of biofuels also led to increased international attention and respect. And while Brazil’s economy proved not to be immune from the 2008 global financial crisis, solid public finances, deft macroeconomic management, and a strong banking system limited the impact of the “rich world’s recession.”

Second, the Lula administration furthered Brazil’s leadership position vis-à-vis the rest of South America. While Brazil always believed in its entitlement to a more influential regional role, it was only after it secured a growing economy based on strong fundamentals and an imperfect yet stable democracy that it was able to effectively act on this goal. Brazil strengthened its position as a regional leader by helping found the Group of Friends in the 2004 Venezuelan political crisis and was active in finding a political solution to Colombia’s ongoing guerrilla conflict. The Lula administration also played an integral role in creating the South American Community of Nations in 2004—a still symbolic commitment to a European Union–like economic and political grouping. This commitment was cemented in May 2008 when twelve South American countries signed the UNASUR Constitutive Treaty, creating the Union of South American Nations (UNASUR) which aimed to unite the two customs unions of Mercosur and the Andean Community. Politically, the South American union strived to be treated as a global player on issues such as the food and energy crises. Brazil also hoped that UNASUR would coordinate defense affairs across the region. UNASUR’s mediation of Bolivia’s political conflict in the fall of 2008 demonstrated the influence of the newly founded union. UNASUR intervened diplomatically in Bolivia’s increasingly violent and polarizing political conflict by declaring the region’s overwhelming support for President Evo
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Morales’s democratically elected government. With Brazil acting as the main power broker, the joint effort at least temporarily diffused a conflict that could have sparked a civil war in Bolivia.

Third, Brazil increasingly inserted itself on the global diplomatic stage, helped by the beginning of its two-year term as a temporary member of the UN Security Council in January 2010. Brazil’s relationship with Iran clearly illustrated the Lula administration’s aim to flex Brazil’s muscles as an international power with increased clout. It also led the United Nations Stabilization Mission in Haiti (MINUSTAH), a peacekeeping operation begun in April 2004. Brazil’s involvement with MINUSTAH was widely described as a thankless task to which Brazil provided invaluable leadership and resources. As Paulo Sotero described, MINUSTAH demonstrated that “a democratic and stable Brazil recognizes its international responsibility, is capable of effective leadership, and can be a positive force in the region and the world.”

Brazil’s leadership in Haiti became particularly essential after a massive earthquake destroyed much of Port-au-Prince on January 12, 2010. In addition to Haiti, Brazil had provided important troop support to UN peacekeeping operations in Angola. Separately, the G-20 and IBSA Dialogue Forum—including India, Brazil, and South Africa—were launched in 2003 with Brazilian leadership to further trade and the development goals of developing countries. Pursuing this “South-South” agenda, the Lula government opened thirty-five embassies since taking office in 2003, the majority of them in Africa and the Caribbean.

Increased engagement with China comprised a fourth element of Brazil’s growing economic and political clout. Brazil represents a crucial market for Chinese exports as well as a source for the raw materials increasingly needed to continue China’s economic growth trajectory. China now relies on Brazil as a stable supplier of valuable natural resources such as steel and soybeans. Between 2000 and 2009, Brazil’s total exports going to China increased tenfold while Brazil’s imports from China increased over tenfold during this same time period. In fact, China surpassed the United States as Brazil’s principal export market in the first quarter of 2009. The United States had been the undisputed leader for decades prior. Additionally, China has a growing foreign direct investment role in Brazil—specifically the steel industry—and as a key economic stakeholder, China is invariably interested in Brazil’s political developments. China also looks to Brazil for cooperation with training and research on various matters including aerospace, steel, food processing, and telecommunications. One example is the two countries’ cooperation in space technology, yielding the China-Brazil Earth Resources Satellite project which resulted in two satellite launchings.

Closer ties with China was welcomed by the Lula administration, reflected by frequent high-level exchanges between the two countries beginning at
the turn of the twenty-first century and the two countries’ support of each other on major international and regional issues. Presidents Lula and Hu Jintao met three times in 2008 alone and repeatedly pledged their commitment to the Chinese-Brazilian strategic relationship. Lula also consistently adhered to a “one-China” policy, much to the pleasure of President Hu. In April 2010, the two presidents held closed talks at the second BRIC summit in Brasilia to discuss various proposals to increase bilateral cooperation in areas such as financial services, agriculture, energy, and mining. The two leaders had also discussed using their own currencies in trade transactions, replacing the U.S. dollar.

However, inherent difficulties mark the Chinese-Brazilian bilateral partnership. China is a formidable competitor of Brazil’s manufacturing sectors; accordingly, any Brazilian president will experience domestic political pressure to maintain trade barriers to Chinese imports. A 2010 cooperation proposal pledged the leaders’ commitment to reduce trade protectionism of any kind, but it also called for measures to protect “the interest of farmers in developing countries.” Brazil also wants to avoid the trap of exporting raw materials at the expense of further developing its manufacturing base. Hence, the dynamics between the two countries are complex, and the bilateral relationship has developed slowly and sporadically.

The U.S. government maintained a somewhat conflicted stance toward Brazil’s desire to form a strategic alliance with China, at once supporting Brazil’s economic development and insertion into the global economy yet wary of an increased Chinese presence in its backyard. Some analysts described China’s political ambitions in the region as a threat to the Monroe Doctrine. Andres Oppenheimer focused on the potential negative effects that increased Latin interactions with China could have on corruption, human rights abuses, and respect for intellectual property, even quoting a U.S. official saying that China was going to drive the transparency and anticorruption agendas in Latin America back to the 1970s. However, Roger Noriega, top Western Hemisphere diplomat under President Bush, noted that Washington was watchful of, yet unalarmed by, the increasing Chinese influence in the region. In testimony before Congress in 2005, Noriega was sanguine about China’s relationship with Latin America, describing how the total U.S. investment in Latin America of $300 billion still dwarfed that originating from China ($6.5 billion), and how the cultural contacts between the United States and Latin America contributed to a strong bond between the regions. At the very least, then, we can safely say that increased Brazilian-Chinese ties have served as an important reminder to Washington that Brazil is no longer waiting idly for U.S. attention, but instead actively pursuing partnerships with other economic and political giants.

Thus began a series of events, both political and economic, revealing a real shift in the power and international prestige of Brazil. As the Economist
noted as early as 2004, “Brazil has long been a gentle and introverted giant, content to be a bystander on the world stage. Now that is changing.” The result has been an ongoing narrowing of the power and prestige gap with the United States, which has created more mutually important issues on which both countries can cooperate. The United States and Brazil might also compete over these dual priorities. Two important examples of both cooperation and competition in the twenty-first century that have developed from increased power symmetry merit more detailed analysis: the G-20 and ethanol development.

**CREATION OF THE G-20 AND THE DOHA ROUND COLLAPSE**

The Doha round of multilateral trade negotiations, launched in November 2001 under the auspices of the WTO, aimed to dramatically liberalize trade in sensitive areas such as services and agriculture. Often referred to as the “Doha Development Agenda,” its principal thrust was to help millions out of poverty by opening developed countries’ markets. World trade ministers set a completion deadline of January 2005 and hoped the Doha round would breathe new air into trade talks after the disastrous result of the Seattle round in 2000.

Shortly before the Seattle talks, Brazil had helped create the Group of Twenty (G-20). The southern coalition within the WTO was formed to serve as an alternative to the Western-oriented Group of Seven (G-7)—to be a counterweight to the EU–U.S. trade agenda, and to promote trade reforms necessary for Third World economic growth. The idea behind its inception was that poor countries could stand up to rich ones and achieve more favorable trade terms by banding together. Given that the developed world’s annual $300 billion spent on agricultural subsidies distorted world prices and blocked market access to poorer, agriculture-exporting countries, one of the G-20’s principal goals was to pressure the United States and the European Union to significantly lower their agricultural subsidies. This goal was especially strong for Brazil, an agricultural powerhouse.

The strength of the G-20 was revealed by the collapse of the September 2003 Doha round meeting in Cancún, Mexico, after just four days. Talks reached a standstill due in large part to an impasse between the G-20 and the G-7 on this issue of agriculture. The stalemate was not a surprise; previous deadlines for progress on agriculture liberalization had failed, “rolling a snowball of unresolved issues towards Cancún.” Negotiations ended prematurely when the U.S. and Brazilian trade negotiators, Robert Zoellick and Celso Amorim, respectively, reached a deadlock over the issue of agricultural subsidies, both blaming each other’s inflexibility for the failed negotiations. The United States had a Doha offer of a subsidy ceiling for
agriculture at $17 billion annually which it refused to lower. For its part, Brazil could not meet U.S. goals of sufficiently lowering its agricultural tariffs. Further, an EU–U.S. joint agriculture proposal on cutting tariffs not only failed to meet the demands of the G-20 but ultimately played into Brazil’s and the rest of the G-20 countries’ hands. In successfully standing up to a united developed world, the collapse of the Doha round in Cancún was perceived by many as a success for the G-20. Whether its strategy was indeed a success or not depends on one’s views of free trade and the merits of the Doha round’s goals. What was undeniable, however, was that the Doha round effectively ended in Cancún due to the strength of the Brazilian-led G-20. Revealing its newfound clout, in June 2004 Brazil became the first developing country to register and win a complaint against a First World nation in the WTO.

Doha talks of each year following Cancún all failed to reach a comprehensive agreement on trade liberalization. In addition to failed development rounds, trade frictions only increased between the United States and Brazil. Brazil joined Canada in 2007 to launch a challenge at the WTO against the United States, claiming it was exceeding allotted farm subsidies. And feeding the anger and frustration felt abroad, a $307 billion farm bill stock full of subsidies was passed by the U.S. Congress in May 2008, overriding President Bush’s veto. While the bill included new funds for antihunger programs and conservation efforts, it continued and in some cases expanded traditional farm subsidies. The overwhelming congressional support for the farm bill certainly represented a harbinger of more difficult years to come in the arena of agriculture negotiations with Brazil. Finally, in July 2008, the seven-year Doha round of negotiations received a perhaps fatal blow in Geneva when China and India refused a last-minute compromise on agriculture tariffs.

In full, the Doha round has been dominated by squabbles and unsuccessful bargaining over farm trade liberalization. The European Union and the United States have failed in their demands for greater access to the developing world’s markets such as India, China, and Brazil. Meanwhile, the European Union and the United States have also fought among themselves on how to dismantle high subsidies. In addition to revealing Brazil’s new clout, the collapses in Cancún and Geneva demonstrate how intractable the agriculture issue remains for both the United States and Brazil. U.S. agriculture lobbies fear agricultural powerhouses like Brazil, making any concession politically suicidal for U.S. negotiators. For their part, Brazilian agricultural groups already feel closed out by U.S. agriculture subsidies and therefore are in no way willing to make additional concessions.

The world was reminded again of the strength of the G-20 in November 2008 when all G-20 leaders met in Washington, D.C., to discuss the global
financial crisis. During the November meeting, Brazil—which held the presidency of the G-20 in 2008—took the lead in demanding that developing countries gain a greater voice in how international institutions such as the IMF and World Bank operate. No longer content to sit on the sidelines as industrial nations meet to decide the fate of the international financial system, Brazil demanded greater influence in the decision making of these international financial institutions. “We refuse to take part in the G-7 merely to drink coffee,” asserted Brazilian Finance Minister Guido Mantega in November 2008, “and we have to have a more important role in discussions.” President Lula also proposed that the G-20 become the principal forum discussing global finance, hoping to strip the G-7 from its traditional role. The BRIC nations even forged a first-time joint position calling for reforms to reflect the growing importance of the developing world. No decisions were reached on IMF reform at the 2008 meeting, but participants indicated a willingness to broaden the governance of international financial institutions. Membership of the Financial Stability Forum—an international financial supervision body established along with the G-20 in 1999—was agreed to be broadened, and a vague commitment was reached to reform the IMF and World Bank to reflect the increased importance of emerging economies.

Further, the fact that it was the G-20 rather than the G-7 that met to discuss solutions to the crisis was in and of itself telling of the new approach being taken to the crisis, and the clout gained by the developing world. The Economist magazine even held that the November meeting made clear that the industrialized countries would no longer set the agenda of the international financial system, asserting that “the centre of global economic summitry has shifted from the G-7 (the rich countries’ club) to a broader group,” and that emerging economies were clearly “at the top table of international finance.” Finally, the meeting that convened world leaders marked somewhat of a breakthrough for the G-20 which had previously met only at the level of central bank heads and finance ministers.

The failure of the Doha round, subsequent WTO rulings, and more vocal demands for developing world participation in international financial decisions represented much more than traditional trade squabbles between Brazil and the United States. Brazil’s integral role in creating the G-20 marked a shift in economic relations between Brazil and the United States. Its voice was now one of the entire developing world, including countries like China and India. The strength of the G-20 in the Doha round showed how Brazil’s leadership in organizing and uniting developing countries could derail multilateral trade negotiations. And the G-20’s prominence in addressing the ongoing global financial weakness indicated just how relevant the large emerging markets such as Brazil and China were to any sustainable solution. As Paulo Sotero observed, “Brazil [is] not just sitting at the table,
but changing the format of the table."30 Ambassador Abdenur echoed this
sentiment, acknowledging that the United States is a "hegemonic power,
and as such, sets the agenda on economic, social and human rights issues.
Brazil does not have the same luxury, but it has become a nation that is
indispensable in defining the terms on which the agenda will be set. This
comes at a time when Brazil increasingly helps bring other nations to the
table to dialogue."31

ETHANOL DEVELOPMENT

In stark contrast to the issue of trade liberalization which was more often
than not a source of friction between the United States and Brazil, the area
of biofuel development emerged in the twenty-first century as a source of
increasing cooperation. The United States and Brazil are the largest produc-
ers of ethanol in the world; U.S. ethanol is corn based while Brazil’s ethanol
is produced from sugarcane. Sugar-based ethanol is produced more energy-
efficiently: while corn ethanol generates less than two units of energy for
every unit used in production, sugar ethanol generates more than eight
units for every unit used in production and is thus far cheaper. Cost savings
also come from Brazil’s cheaper labor force compared to the United States.
While Brazil has come under increased criticism from the international
community for substandard working conditions for its sugarcane cutters,32
any resulting wage increase would still leave Brazil far ahead of the United
States in terms of production efficiency.

Brazil is a global leader in biofuel production, having developed the
industry since the 1970s to the point that in 2008, 90 percent of new Bra-
zilian automobiles had flex-fuel engines that could run on any combina-
tion of gasoline and ethanol. Brazil has also reached out to countries such
as Indonesia to provide technical assistance in developing their ethanol
industries. The United States expressed increased interest, perhaps belat-
edly, in cooperating with Brazil toward the end of the second Bush term.
On March 9, 2007, Brazil and the United States signed a memorandum of
understanding to promote increased cooperation on ethanol and biofuels.
In broad terms, the countries agreed to cooperate on research and develop-
ment, promote the development and use of ethanol in other countries so
that it approximates a globally traded commodity, and work multilaterally
to establish the international development of biofuels.

The ethanol agreement was about more than just economics for the Bush
administration. An unwritten but well-understood goal for the United
States was to diminish the regional influence of Hugo Chávez’s oil-rich
Venezuela. R. Nicholas Burns, undersecretary of state for political affairs,
called the agreement the “symbolic centerpiece” of U.S. relations with


Brazil, especially given Brazil’s ability to counteract the influence of Venezuela’s deep purse strings and anti-American rhetoric. Thus, while barely mentioned in policy speeches by President Bush during the first six years of his presidency, his “softer” policy toward Latin America emerging in 2007 emphasized alternative energy as a national priority. Lula was even invited to Camp David—a rarity for Latin American leaders—at the end of March 2007 to discuss ways to deepen the bilateral relationship and increase ethanol cooperation.

In the months following the agreement, it appeared that the U.S. goal of promoting Brazil’s influence in the region at the expense of Venezuela’s was paying off. “Ethanol diplomacy” had helped Lula champion Brazil’s leadership in the region, one based more on markets rather than ideology. At an energy summit on the Venezuelan island of Margarita in April 2007, Hugo Chávez backed down from his critique that the U.S.-Brazil ethanol agreement would hurt the poor by leading to increased food prices. His argument increasingly lost potency when other countries, including Chávez-friendly Ecuador, boldly supported the initiative and even signed additional ethanol production agreements with Brazil.

However, belying the spirit of bilateral cooperation regarding biofuels, the contentious issue of ethanol tariffs undermined much of the enthusiasm generated by the agreement and served as a real limitation to progress on the settlement. While it was set to expire at the end of 2010, the United States’ fifty-four-cent-per-gallon tariff on Brazilian ethanol had been extended more than once in the past. The justifications for the tariff were varied and diverse. Many congressmen pointed to the refining subsidy as reason alone to tax foreign ethanol. Ethanol blenders in the United States received a forty-five-cent subsidy for every gallon of ethanol they used; the subsidy also ran through the year 2010. Given that the tax credit was available to all ethanol refiners—regardless of the origin of the ethanol—government officials held that the tariff was necessary in order to avoid subsidizing foreign ethanol at the expense of domestic producers. Powerful senators from farm states strongly backed the tariff and “responded with horror” at the idea of letting the tariff expire. President Obama voiced a broader opposition to any removal of the tariff, asserting on the campaign trail in 2008 that it would not serve U.S. national or economic security to exchange the U.S. dependence on Middle East oil with a dependence on Brazilian ethanol.

The ethanol issue even contributed to the hold-up of Thomas Shannon’s appointment as ambassador to Brazil. During his July 2009 confirmation hearing, when asked his opinion on lifting the tariff, Shannon stated that while many in Congress had different views, he personally believed that eliminating the tariff would be beneficial. Senator Charles Grassley from Iowa—whose corn state benefited enormously from the tariff—threatened...
to block Shannon’s appointment; his concerns were assuaged only upon receiving a written statement from the administration affirming no plans to change the tariff.

The ethanol tariff had a real impact on limiting U.S. imports of Brazilian ethanol. U.S. monthly ethanol imports from Brazil peaked in August 2006 at almost 2.5 million barrels but fell to 48,000 barrels in March 2007. Imports for December 2009 reached just 12,000 barrels. After the 2007 Camp David meeting, Lula said he was leaving the United States empty-handed due to his inability to convince Bush to rescind the tariff. However, the impact of the tariff on Brazilian ethanol was somewhat diluted as ethanol production became increasingly internationalized at the turn of the twenty-first century. Further, in spite of the Obama administration’s pledges not to change the existing ethanol tariff or subsidy structure, momentum began to shift in the direction of reducing the tariff as concerns grew in 2008 regarding food inflation. Increased demand for corn for ethanol produced in the United States—furthered by the U.S. corn ethanol subsidy—was interpreted by many as contributing to the increased price of corn-based foods and corn-fed animals. Indeed, the IMF predicted that one-third of the U.S. corn crop would be diverted to ethanol production in 2008.41

While many analysts held that high oil prices and natural phenomena such as drought were the principal culprits for rising food prices rather than increased ethanol demand, the political movement to address the import tariff and the domestic ethanol subsidy only increased in 2008. U.S. Federal Reserve Chairman Ben Bernanke announced his support for reducing tariffs on ethanol as a way of cutting costs in the United States in February 2008. Senator Diane Feinstein (D-CA) introduced legislation in June 2008 that would reduce the fifty-four-cent tariff to forty-five cents, and Representative Mark Udall (D-CO) also offered a bill in 2008 attempting to bring the tariff in line with the tax credit offered to oil refiners that blend ethanol and gasoline. Perhaps the most vocal critic of the tariff has been Senator Dick Lugar (R-IN), the only congressional critic of the tariff from a farming state. A supporter of the U.S. ethanol industry, Lugar called for the elimination of the tariff, arguing that increased supply of lower-cost ethanol from abroad could expand demand for U.S. ethanol. The Brazilian Sugarcane Industry Association even entered the debate, launching an advertising campaign in California and Florida. Attempting to tap into the frustration from high gasoline prices, print and radio ads urged drivers to pressure their congresspersons to repeal or lower the ethanol tariff.

Moreover, large U.S. and European corporations and private equity-backed companies showed interest in Brazil’s sugar-based production of ethanol, creating yet another constituency in favor of scrapping the tariff. Anticipating a global increase in the use of sugar-based ethanol, U.S. private investment in Brazilian ethanol facilities dramatically increased after
the turn of the twenty-first century. The examples of U.S. and European companies with a stake in Brazilian ethanol were abundant. Agribusiness giant Archer Daniels Midland (ADM) announced plans in November 2008 to invest $370 million in a joint venture with Brazil’s sugarcane producer Grupo Cabrera to produce ethanol for the Brazilian market. Missouri-based Monsanto also announced plans in November 2008 to buy a Brazilian sugarcane conglomerate. Even billionaire investor George Soros invested in ethanol distilleries in western Brazil.

To counterbalance these critiques, supporters of the ethanol tariff used a type of “infant industry” justification for the tax, arguing that the tariff was required to get the U.S. ethanol industry on its feet to compete with Brazilian ethanol. While sugarcane-based ethanol has significant efficiency advantages over corn-based ethanol, the latter’s relative inefficiency is not predetermined. Production of sugar-based ethanol is more affordable and efficient largely because its power is usually generated by burning its own waste—ethanol plants in Brazil are self-powering and so do not have to buy electricity off the grid. While corn-based ethanol does not have the luxury of using its own waste for power, ethanol plants in the United States could also be waste powered with a bit more difficulty. Some ethanol plants in the United States were moving in this direction by 2010, such as using manure from, say, a nearby dairy operation to fuel production. With economies of scale, which could occur if electricity prices remain high, waste power would improve the cost efficiency of corn-based ethanol production exponentially. This hope was expressed by senators Kent Conrad (D-ND) and Charles Grassley (R-IA) in their GREEN (Grow Renewable Energy from Ethanol Naturally) Jobs Act of 2010. The act proposed extending ethanol tax subsidies as well as the ethanol tariff until 2016 as a way to support and develop the U.S. ethanol industry.

These complex issues surrounding U.S. ethanol import tariffs help qualify the extent to which the 2007 ethanol cooperation agreement can flourish. If Washington’s sole aim were to foster the most effective means for alternative energy development, it would certainly have embraced the more effective sugar-based ethanol. Instead, to secure political backing from farming states, it supported the much more costly, more pollutant, and less effective corn-based approach. A Congressional Research Service report stated as much when arguing that “U.S. tariffs on foreign ethanol imports may prove to be an obstacle to U.S.-Brazil energy cooperation.” Thus, as much as ethanol represented an opportunity to solidify the bilateral partnership between the United States and Brazil, the opportunity risked being lost in the face of unresolved agricultural disputes.

In sum, engagement between Washington and Brasilia on the two issues of the G-20 and ethanol occurred because both countries deemed them important. The Bush administration had no choice but to acknowledge the
strength of the G-20 during the Doha round and the 2008 financial crisis, and by the turn of the twenty-first century, ethanol—and Brazil’s expertise and dominance in its production—had developed into a real alternative to oil. This concurrence of priorities between the United States and Brazil was facilitated by the beginnings of erosion in the power and prestige gap between the two countries. Brazil’s acceptance of international norms regarding proliferation, missile technology, and the protection of human rights facilitated this increase in prestige, as did its democratization and economic growth and potential. Brazil’s strength as a massive and stable emerging market allowed it to assert its voice through the G-20, contributing to the demise of global trade talks seen as inimical to the interests of the developing world.

Further, toward the end of Bush’s term and into the Obama administration, Washington became more open to cooperation on ethanol due to the high price of oil and the United States’ dependence on unreliable oil-producing countries such as Venezuela and Iraq. Cooperation on biofuels was also brought about by the increased symmetry of power between the two countries and the shifts in foreign policy priorities that resulted. As the United States began to grapple with the fragility of its economic strength, it no longer had the luxury of relying predominantly on oil imports to meet its energy needs. Brazil was the best and most logical partner to meet this challenge. After decades of official investment in alternative energy, Brazil had become a global leader in the arena of biofuels and the world’s largest producer of sugar-based ethanol—a reality that Washington could no longer ignore. We also see the ability of individuals to deepen the bilateral relationship when the structural factors for engagement are present. When Nelson Jobim replaced Walter Pires as defense minister in July 2007, the Pentagon began to receive indications that Brazil was interested in increased cooperation with the United States. After taking office, Jobim visited the Pentagon five times between mid-2007 and mid-2010—more than all prior ministers combined. Jobim also revived the Brazil-U.S. Defense Bilateral Working Group, an annual set of two-day talks between the two departments of defense. The working group had been established in 2000 under then-Defense Secretary William Cohen, but after Lula was elected in 2002, no meetings were held for six years. Jobim changed this by reestablishing the meetings in November 2008.

The challenges and opportunities that were driving the U.S.-Brazil relationship in the early twenty-first century were diverse and complex, encompassing the security, agriculture, and energy realms. The shift in the power balance between Brazil and the United States brought with it increased bilateral engagement on these issues, as each country found a greater overlap of mutually prioritized concerns. The increased engagement was marked by both cooperation as well as competition. Washington continued to openly
support Brazil’s emergence as a regional leader and praised its role as a trusted partner, and both countries took concrete steps to further cooperation on alternative energy development. However, with Brazil’s increased power and prestige came developments that held the potential to complicate its traditionally strong relationship with the United States, among them, Brazil’s more assertive voice in the G-20, its complex ties with China and Iran, its leadership role in UNASUR, and the ongoing trade disagreements surrounding agriculture and ethanol.

NOTES

1. Author interview with unnamed State Department official posted in Brazil from 2000 to 2002, 10 June 2008.
2. TPA is the successor to “Fast Track Authority.” With TPA, the president can negotiate trade agreements that the U.S. Congress can only approve or reject. It removes the ability of the Congress to filibuster or amend the agreement.
9. Shannon was nominated on May 27, 2009, but was not confirmed until December 24, 2009, due to congressional holds on his nomination not related to his views on Brazil.
13. Transcript from the question-and-answer session during Secretary Clinton’s remarks at the Brookings Institution, 28 May 2010.
16. When created in May 2008, member states planned for a military coordinating component of UNASUR—a defense council named the Conselho Sul-Americano
de Defesa (CSD). Similar to the North American Treaty Organization (NATO) in its structure, the CSD aims to coordinate a Southern Hemisphere military policy. However, this goal was undermined by the fact that Colombia revoked its intention to join the defense council in Month 2008. Distrust among members and traditionally strong notions of national sovereignty have certainly complicated regional military integration.


23. Testimony of Secretary Roger Noriega, "China’s Influence in the Western Hemisphere," Hearing of the Western Hemisphere Subcommittee of the House International Relations Committee, 6 April 2005.


26. Brazilians felt this offer was unfair given that rising commodity prices meant that the U.S. Treasury was actually paying less subsidies. Agriculture subsidies totaled $11 billion in 2006, and an estimated $9 billion in 2007. See "U.S.-Brazil Relations," Hearing of the Committee on Foreign Relations, House of Representatives, 110th Cong., September 2007, 41.

27. For the argument that the collapse of the Doha round was not a victory for the G-20 but rather a reflection of tensions within the WTO’s institutional framework, see Amrita Narlikar and Rorden Wilkinson, "Collapse at the WTO: A Cancun Post-Mortem," Third World Quarterly 25, no. 3 (2004): 447–460.


39. Platts Oilgram Price Report, 1 March 2010. Note: The reduction in U.S. imports of Brazilian ethanol was not solely due to the tariff. In 2009 and 2010, high sugar prices contributed to an increase in the price of Brazilian ethanol, effectively pricing it out of the U.S. market.
40. Representing a good example of trade deflection, Brazilian companies have invested in Central America to be able to export to the United States tariff free. See “Brazil Sugarcane Company Plans to Internationalize Ethanol Production,” Xinhua General News Service, 17 March 2007.
43. Author interview with Matthew Carr, policy director, Biotechnology Industry Organization, 10 December 2008.
45. Author interview with Department of Defense official, 28 April 2010. Note: The Brazilian department of defense is relatively new—created in 1999 when Brazil’s three armed forces were integrated.
Looking to the Future: 
Equal Partners?

I believe that we are at the point of a strategic confluence of interests with Brazil, and I am glad that our countries today are seeing each other as vital partners. I mentioned this to President Bush, and he has assured me that he wants to expand that relationship.

—Representative Eliot Engel, June 2007

As Mark Twain once described Wagner’s music, “It’s a lot better than it sounds.” The same could be said of U.S. policy toward Brazil at the end of the second Bush administration. In spite of its highly unilateral foreign policy and focus on terrorism and the Middle East, the Bush White House developed a substantive relationship with the Lula administration toward the end of Bush’s second term. In turn, President Obama began his administration with a pledge to renew U.S. cooperation with Brazil. At the same time, Brazil’s increased reach in international affairs led to conflict with Washington on certain economic and political issues, namely cotton subsidies and Brazil’s relations with Iran. The question that naturally ensued was whether this renewed engagement with Brazil represented a structural shift in the bilateral relationship, or whether it was no more than another episodic surge of attention caused by a temporary overlap of national priorities.

Based on a bilateral history of dramatic ebbs and flows of U.S. policy attention toward Brazil, to conclude that a structural shift in the bilateral relationship had not occurred would be a safe bet. Analyzing the two factors affecting the existence of dual priorities—the power disparity between the two countries and their different foreign policy goals—could yield this same conclusion. Brazil’s increased strength and international clout was
undeniable, but it was still far from a comparable power to the United States. What’s more, the foreign policy priorities of each country that served to limit the arena of cooperation had not significantly changed in 2010. Brazil’s economic development focus still differed sharply from the United States’ traditional emphasis on national security issues. In addition, Iran, Iraq, and Afghanistan looked to eclipse all other foreign policy concerns in Washington for the foreseeable future. Peaceful and relatively prosperous Brazil was hardly a candidate for additional policy attention by the White House.

Further, Brazil’s concept of sovereignty continued to limit engagement between the two countries. Itamaraty, for example, continued to value national sovereignty, oftentimes above all other goals, usually refraining from any action that might violate another nation’s borders. Accordingly, Brazil was deemed by some U.S. officials as a “security free-rider” of sorts. One high-ranking State Department official emphasized Brazil’s importance to U.S. security as a source of stability in the region, but at the same time acknowledged that its intrinsic defense of national autonomy and sovereignty limited Brazil’s efficacy as a reliable strategic partner of the United States.³

The stark difference between Brasília’s and Washington’s operational approaches toward defending democracy globally continued to lead to missed opportunities for cooperation.

However, the structural foundation of the U.S.-Brazil relationship had changed by the first decade of the twenty-first century, and this change was posed to have a dramatic impact on bilateral relations as we once knew them. Shifts in energy, security, and climate change began to fundamentally impact the trajectory of the bilateral relationship, ratcheting up the importance of Brazil to the United States. Brazil was no longer the land of the future, as it continued to solidify its democracy, address poverty and inequality, and become a respected regional and global power. At the same time, the United States remained the world’s dominant power, but one with diminished soft power due in part to its managing of the Iraq War and financial vulnerabilities. Hence, the Obama administration found itself at a critical juncture in the bilateral relationship, brought about by effective Brazilian leadership in the environment, international financial regulation, and energy, facilitated both by Brazil’s growing power and prestige as well as by the diminished soft power of the United States.

**BRAZIL’S ASCENT**

In 2008, Fareed Zakaria predicted “the rise of the rest” in the twenty-first century, as countries such as China and Brazil move up to levels of affluence and international influence similar to those of the United States.⁴
Indeed, Brazil’s ability to insert itself on the world scene seemed to reflect this described rise. Examples included its leadership in the G-20 and influence in the WTO’s Doha round, its leadership in Haiti’s post-earthquake reconstruction, and a greater diplomatic role in both regional and global issues. Further, its 2007 discovery of oil fields off its southern coast, potentially containing one hundred billion barrels, placed it among the ranks of globally important oil exporters. President Lula adopted a pragmatic, nondefensive policy toward the United States, reflecting a growing comfort and confidence in Brazil’s status. We also witnessed a shift of will on behalf of the United States. Toward the end of the second Bush administration, after the intensity of the Iraq War had subsided, a foreign policy focus on potential areas for cooperation with Brazil emerged, including bilateral collaboration on ethanol and race relations. As a result of a combination of the above factors—the rise of Brazil coupled with a shift of will in the United States—the prioritized foreign policy concerns of the two countries began to experience more overlap.

Another element of the narrowing power and prestige gap with the United States was derived from a post–Cold War international arena in which traditional hard definitions of power were expanded. William Perry described in 2007 how “hierarchical rigidities within the international system have declined considerably during recent decades and there is greater balance of power between Brazil and the United States—so that governments can agree to disagree on some issues, yet cooperate effectively in other areas of compelling mutual interest.”\(^5\) Brazil’s soft-power attributes of population, international leadership, and its overwhelming economic strength and potential gave Brazil increased international prestige and power, changing its relationship with the United States.

It is within this context that Brazil definitively began creeping up on a new kind of grandeza. The military believed it could achieve greatness through import-substitution industrialization (ISI) in the 1960s and 1970s; its attempts failed and contributed to the debt crisis and the lost decade. However, in this century, Brazil is taking the slower yet more fundamentally sound route to economic security.\(^6\) Following its recovery from the 1998 financial crisis, Brazil enjoyed both political and economic stability for the first time in its history. Brazil was no longer saddled with hyperinflation, a colossal international debt burden, or a repressive military regime. It emerged in the twenty-first century as a respected global power and one that could be an important regional ally of the United States. This profound and unprecedented shift opened the way for the international community to rethink Brazil.

This confidence also began to translate into a less defensive foreign policy stance toward the United States. Brazil’s foreign policy still retained elements of a traditional fear of being subsumed by the United States’
agenda in the first decade of the twenty-first century. However, this fear and subsequent desire to define foreign policy through its distance from Washington no longer defined Itamaraty’s strategy at the end of Lula’s term. Instead, we saw a degree of pragmatism toward the United States not unlike that practiced during the Rio Branco days. Brazilian Ambassador Roberto Abdenur argued that the U.S.-Brazil bilateral relationship had reached an unprecedented level of mutual understanding and deference to each country’s respective positions. This was facilitated by President Lula’s pragmatism and his decision that Brazil’s best interests lay in accepting the United States as a partner. As president Lula stated in March 2007, “We must remember that the United States continues to be our main individual partner from the standpoint of trade and is the biggest individual investor in Brazil. So we have a historical relationship.” Lula reasserted Brazil’s priority of deepening regional ties but placed this goal within the context of maintaining the historical friendship with the United States. Interestingly, Brazil’s role as the most powerful economic player in South America brought about many of the regional complaints and resentments traditionally reserved for the United States. “These days,” opined one journalist, “the imperialistas speak Portuguese.” While Lula remained extremely popular in Latin America until the end of his term, Brazil’s economic success and large regional trade surplus provoked jealousies and animosity on behalf of many of its neighbors—particularly in the Andes. This vilification represented another potential source of increased Brazilian camaraderie and solidarity with the United States.

Brazil’s growing political and economic clout coupled with the opposite phenomenon in the United States without question led to increased contact between the two countries during the Obama/Lula administrations. However, the continuing erosion of this power gap was not an irreversible trend. Rather, its continuation depended on the deepening of Brazil’s economic development path and Brazilian foreign policy pragmatism into the Roussef administration. Bilateral engagement also hinged on Washington’s willingness and ability to sustain the incorporation of mid- to long-term challenges into its foreign policy-making priorities.

**BRAZIL’S ECONOMIC DEVELOPMENT**

Brazil is at once a developed and a developing country. Amazingly, Brazil is now energy self-sufficient, poverty levels are declining, exposure to international financial institutions is being liquidated, and democracy is increasingly becoming consolidated. Indeed, many of the factors widely cited as limiting Brazil’s role as a global player are now more or less moot. Yet corruption and inequality remain intractable problems. The 2009 Transpar-
Looking to the Future: Equal Partners?

International corruption perceptions index ranked Brazil in 75th place out of 180 countries. Separately, the Lula administration, the Brazilian Congress, and the business community continue to be racked by seemingly continuous corruption scandals.

Income inequality is another intractable problem. The 2009 United Nations Development Program Gini Index ranked Brazil in 75th place out of 182 total countries, representing a worsening trend over the last several years, with more severe income inequality than most countries in the region, including Mexico, Argentina, Uruguay, and Chile. Further, Brazil’s disparity in incomes has shown no improvement over the past fifty years. The latest Human Development Index, which measures achievements in life expectancy, education, and real income, showed Brazil on a stagnating or declining trend since 2002, in 75th place in the 2009 report. While Brazil’s size and role as an ethanol supplier, the world’s breadbasket, and home to the largest biosphere ensure it a place at the table among world powers, it must continue to address its corruption and inequality problems if it strives to be both a partner of developed nations as well as an example for the developing world. Rather than pursuing power and influence in and of themselves, Brazil will find—once it effectively addresses poverty and inequality—that power and influence naturally ensue.

FOREIGN POLICY PRAGMATISM

Ongoing pragmatism by the Brazilian executive is necessary to ensure Brazil’s international reputation as a serious diplomatic player. Surprising many, Lula exemplified his willingness to work with the Bush administration throughout their overlapping presidential terms. He accepted an invitation to the White House three months after the U.S. invasion of Iraq in 2003—an unpopular war that alienated many U.S. allies. Further, in spite of hot-button trade conflicts as well as Bush’s overall unpopularity due in part to his handling of the Iraq War, Bush’s 2007 goodwill visit to the region was positive and friendly. This was especially surprising given that the trip came on the heels of the release of two State Department reports criticizing Brazil’s record on human rights and the drug trade, citing a laundry list of abuses, including torture of detainees by police and an environment of impunity. It was this same annual report that contributed to an all-time low point in bilateral relations in the 1970s. Interestingly, however, this most recent report was a blip on the bilateral radar screen, barely picked up by the press in either country and not discussed by either President Bush or President Lula during their trips. While Brazilian authorities still reacted to the report with indignation, the overriding issues of economic cooperation and opportunities for growth completely eclipsed the negative report.
This pragmatic leadership and nondefensive response to U.S. actions in the region have emerged in part due to the increase in Brazil’s international prestige.

Elements of Lula’s pragmatism were revealed in mid-2008 when the Bush administration reactivated the U.S. Navy’s Fourth Fleet, responsible for patrolling the waters off Central and South America. Having not operated as a separate fleet since shortly after World War II, the fleet was reactivated—explained U.S. officials—in order to provide humanitarian aid and to cooperate with Latin American countries with drug-trafficking and antiterrorism efforts. The deployment of the fleet was vehemently attacked by Hugo Chávez and Fidel Castro who interpreted it as an attempt by Washington to reclaim its traditional sphere of influence. Suspicions also arose in the Brazilian Congress given that the fleet’s reactivation was announced shortly after Brazil’s discovery of petroleum off its coast. But the Fourth Fleet was met with a milder response by the Lula administration. Defense Minister Nelson Jobim stated in July 2008 that he was not worried by the reactivation of the fleet, and Minister of Strategic Affairs Roberto Mangabeira Unger said that the reappearance of the Fourth Fleet did “not pose a threat to Brazil.” At the same time, however, Mr. Jobim asserted Brazil’s sovereignty by declaring that the fleet would not be allowed inside Brazil’s two-hundred-nautical-mile limit. And Mangabeira Unger qualified his comments by describing the importance of a new national defense strategy involving upgrading Brazil’s military forces to fend off potential aggression and intimidation. So, traditional fears of U.S. hegemony accompanied Brazil’s pragmatic response.

Brazil’s intense efforts to keep the 2008 Doha Development Round alive reveal yet another example of Brazilian pragmatism. After the Doha round nearly collapsed in Cancún in 2003, Brazil took the lead in building consensus among developing nations. But this bond with countries such as India and Argentina only went so far as Lula sided with the United States against the need for additional agricultural protection for products threatened by import surges. The World Bank even praised Brazil for resisting pressures to increase its own protective measures.

The developments surrounding the short-lived nuclear agreement with Iran revealed the danger of both policy overreach and the effects of prioritizing South-South ties, oftentimes with unsavory leaders such as Hugo Chávez or Mahmoud Ahmadinejad, over those with the Western world. Lula’s attempts to prove Brazil as a serious global power moderator clearly backfired when the entire UN Security Council, save Turkey and Brazil, voted to impose sanctions rather than honor the Brazil-brokered deal. The U.S. government felt frustration that Lula went ahead to broker a deal without consulting the P5-plus-1 countries, while Brazil felt embittered by Washington’s quick dismissal of a deal that Lula genuinely believed could have worked. It is safe to say that Brazil walked away from the affair look-
ing defeated and naive. Former foreign minister Luiz Felipe Lampreia feared that the efforts at diplomacy with Iran could have caused “incalculable material and political losses” and raised suspicions about Brazil’s own nuclear program.15 “It is like the person who crosses the street on purpose to step on a banana peel on the opposite sidewalk,” Mr. Lampreia wrote in the newspaper O Globo.16 Similarly, Jorge Castañeda asserted that Brazil wanted to “play first division, but not get wet.”17 In the Lula administration’s desire to prove itself as a global negotiator and perhaps even to pursue a course starkly different from the one championed by the United States, it appeared to have gotten ahead of itself. Its lack of pragmatism, you might say, hindered at least temporarily both its international reputation as well as its relations with the United States.

U.S. FOREIGN POLICY EMPHASIS ON LONG-TERM COOPERATION

In his opening speech at the Summit of the Americas in April 2009, President Obama admitted that in regard to its relations with Latin America, the United States at times has “been disengaged, and at times we sought to dictate our terms. . . . But I pledge to you that we seek an equal partnership. There is no senior partner and junior partner in our relations.”18 Secretary of State Clinton furthered this desire to cooperate with Brazil even in the immediate aftermath of Lula’s brokered deal with Iran. Clinton affirmed that the United States wants “a relationship with Brazil that stands the test of time no matter who our president is or no matter what the political constellation in Brazil is. And I feel very strongly that on so many important matters, Brazil is a very responsible and effective partner. . . . So there’s a very, very long list of areas of common interest and of partnership that we will work on and expand.”19 The Obama administration’s foreign policy emphasis on listening rather than unilateral action, and its focus on longer-term opportunities and bilateral partnerships, are certainly part of the president’s worldview and consistent with his personal beliefs. However, it has been facilitated by the decline in the United States’ power and international prestige. No longer the world’s respected hegemon, the U.S. government can less afford to act alone in the beginning of the twenty-first century.

The Obama administration’s increased openness to multilateral cooperation has led to increased engagement with Brazil as Washington focuses more on international solutions to such issues as global warming, nuclear proliferation, and the international financial collapse. It is a radical departure from the perceived arrogance and heavy-handedness of U.S. actions in Latin America which contributed to the perceived “Monroe Doctrinism” of the United States—the nineteenth-century/early-twentieth-century approach that the United States knows best. This perception prompted
defensiveness from Brazil’s nationalists, making cooperation more difficult. What remains to be seen, though, is whether President Obama's focus on mid- to long-term issues is unique to his presidency, or whether instead it becomes a requirement in the twenty-first-century global order—a necessary modus operandi at the end of the United States’ “unipolar moment.” On one hand, President Obama will have little luxury to focus on these longer-term issues given other urgent priorities such as Afghanistan and Iraq. Indeed, the Middle East will be a huge if not the largest foreign policy preoccupation for the White House for the foreseeable future. Further, there is a structural incentive to “go it alone” according to James Dobbins, who argued that multilateralism does not come naturally for the United States due to its size and strength. “A big country which has so much power and capacity to achieve things nationally or within small coalitions is harder to persuade,” asserted Mr. Dobbins. But, on the other hand, U.S. weaknesses in the first decade of the twenty-first century make multilateralism a more appealing, if not necessary, strategy. Mr. Dobbins went on to state that it takes “sobering experiences, like our experience in Iraq, to remind people that even the world’s only superpower has considerable limitations.” Moises Naím emphasized these limitations in 2001, asserting that “even a hegemon needs friends.”

Increased attention to long-term opportunities and multilateralism is indeed required to make sustained engagement with Brazil possible. Andrew Hurrell argues that the fate of U.S.-Brazil relations lies in the mentality of the U.S. government, writing that “Brazil will become more important only when and if opinion and influence shifts toward those who hold a different view of U.S. foreign policy—those who stress the complexity of both U.S. power and interests; who argue that the United States needs both allies and institutions if the problems of a globalized world are to be managed effectively.” One question for the Obama administration is whether the knowledge of U.S. limitations and its critical energy dependence will prompt it to carve out time to create a positive policy agenda for Brazil. As Brazil does not pose a national security threat to the United States, explained Thomas Pickering, this policy attention will not automatically or effortlessly occur. It will have to be deliberately decided at the highest levels to prioritize longer-term opportunities such as those that would come with increased cooperation with Brazil.

COMPETITION VERSUS COOPERATION

The proposition that the twenty-first century will see increased bilateral engagement between Brazil and the United States begs the question of what this engagement might look like. Will competition and discord largely
define relations, following the countries’ different stances on trade, international financial regulation, and global security approaches? Or, alternately, will cooperation dominate bilateral relations as the two countries focus on core common values of democracy, alternative energy development, and global environmental protection? We have established the factors that drive engagement between the two countries, but what determines the nature of this engagement?

The outcome of engagement—either competition or cooperation—depends on the issue at stake. Of the four case studies presented, just one involved competition between the United States and Brazil—the human rights and nuclear era of the Carter presidency. The conflict was caused by the two countries’ vastly different notions of national sovereignty as well as Brazil’s incipient nuclear aspirations. The latter will clearly always lead to conflict with the United States. If Brazil resumes any efforts toward obtaining its once-coveted nuclear status, clashes with the U.S. government will be inevitable. Brazil will also likely sympathize with the right of other developing countries to develop peaceful nuclear capabilities. The Carter case study also reveals the sensitivity of the sovereignty element of each country’s foreign policy tradition. If Brazil perceives that the United States is overly involved in another country’s internal affairs, as was the case in Iraq beginning in 2003, it will likely just lead to missed opportunities for cooperation. But if this U.S. involvement were to be in Brazil’s internal affairs or the affairs of its Latin neighbors, tensions with the United States would likely ensue. However, rather than a bilateral fight with Washington, Brazil would more likely opt for indirect confrontation through the multilateral negotiation arena—pursuing channels within, say, the United Nations, the World Trade Organization, or the International Monetary Fund.

Further, the areas of international trade and commercial relations will more likely lead to competition than cooperation as long as the key bilateral trade issues remain centered around the openness of each respective market, specifically U.S. agricultural subsidies and Brazilian nontariff trade barriers. More specifically, relations will tend to involve conflict when dealing with trade in goods and services in which the two economies are highly competitive. Examples of these sectors include agribusiness and all things related to agriculture and ranching, some high-value-added manufacturing sectors like the civilian jet aircraft manufacturer Embraer, some niches in the armaments and large military parts industries, and potentially the automobile industry if sugar-based ethanol gains larger market share in the U.S. economy.

Another issue that may lead to competition between the two countries is the newly created UNASUR. While not explicitly against the United States, the union represents the first time South America has excluded its northern neighbor from a regional security arrangement. The power that UNASUR
might wield if organized effectively makes it a potential partner but also a threat to the United States. Also, the direction the Lula administration took regarding its new oil discoveries posed potential competition. The Brazilian government has increased the role of Petrobrás, Brazil’s state-owned oil company, and has threatened to shut out private European and U.S. oil companies from future projects. Since the 2007 discovery of the oil fields, the government has suspended its annual auctions of concessions allowing companies to assume the exploratory risk in exchange for the rights of any oil or gas discovered. If this trend continues, Brazil’s strong sense of nationalism and national sovereignty will run directly contrary to the United States’ value of the right of private investment.

This quest for global and regional leadership status also means that Brazil may still demand differentiation from the United States in certain circumstances. We saw this during Lula’s term. In addition to his cooperation with Iran, President Lula chose not to become involved with international democracy issues, such as the status of the opposition in Venezuela or Cuba’s repressive tactics. Instead, he opted to emphasize the importance of lifting the U.S. embargo on Cuba, while maintaining good—albeit not too close—relations with Venezuela’s Chávez. The Lula administration also made the deliberate decision to develop ties with other countries, but specifically not the United States. As Ambassador Anthony Harrington described, the warmth and level of engagement between the U.S. Embassy and Itamaraty that existed under his tenure from 2000 to 2001 no longer existed in 2008. The Brazilian foreign ministry “no longer prioritized the richest possible relationship with the United States. They were looking elsewhere.”

Explaining Lula’s direction of Brazil’s foreign policy away from Washington, Ambassador Rubens Barbosa noted that “the Lula administration’s foreign policy priorities focused on six or seven issues. None of them had to do with the United States.” Mónica Hirst wrote that the U.S.-Brazil relationship tended to repeat the same pattern of misunderstanding and mutual frustration, and feared a dearth of common interests in the future, writing that “it is not clear how far U.S.-Brazil commonalities can advance once Brazil tries to consolidate a political and economic preeminence in South America.” Certainly, as Brazil increasingly inserts itself as a player in global diplomacy and the international economy, it risks butting heads with Washington more. And this holds especially true if the anti-American elements of Itamaraty—while not the majority voice of the foreign ministry—gain greater prominence in Brazil’s foreign policy.

In contrast, other critical issues in the bilateral relationship are more prone to cooperation. We have learned from the trajectory of bilateral relations that Brazil and the United States cooperate when there is a broader struggle involving a clear aggressor, in which both countries can mutually benefit from engagement. World War II and the battle against Brazilian
Communism are two such examples. Depending on Brazil’s stance on the sovereignty issue, as well as its capacity to participate, such global struggles could allow for cooperation. The war in Afghanistan or any potential involvement in, say, Darfur are possible examples. The United States’ energy policy is another area in which Brasilia and Washington will likely cooperate. The Global Partnership Dialogue that the Obama and Lula administrations initiated in March 2010, which highlights the development and promotion of biofuels, shows that the Obama administration is sincere in its efforts to wean itself from pure gasoline transportation. Finally, the development and support of Brazil as a regional leader and counterweight to Venezuela will likely lead to bilateral cooperation. With compatible interests and mutual benefits deriving from engagement, cooperation will naturally ensue.

In assessing the prospects for either bilateral conflict or cooperation, it is imperative to remember that the principal thrusts of Brazil’s foreign policy are to become a significant world player, a leader of South America, and a permanent member of the UN Security Council. All of its foreign policy actions have these objectives in mind. When cooperation with the United States does not get in the way of these objectives, cooperation will proceed; when it does, competition or conflict will result.

NOTES

3. Author interview with State Department official, 1 April 2008.
14. The P5-plus-1 refers to the five permanent UN Security Council members: Britain, China, France, Russia, and the United States—plus Germany.
27. Hirst, The United States and Brazil, 67.
Conclusion: U.S.-Brazilian Relations in Perspective

Brazil is the fulcrum. Brazil is too important to everything that is going to happen in South America for a policy of benign neglect. ... We are approaching a seminal moment when Brazil and the United States share many key objectives in the hemisphere. But this moment may not last, and it should not be allowed to slip away because of lack of attention on the part of the U.S. government.¹

These urgent words, written in 2001, echoed the warnings of generations of foreign policy analysts that the United States ignored Brazil at its own peril. In the 1970s, it was argued that the U.S. policy of benign neglect toward Brazil as well as the rest of Latin America “might be better than having the wrong [policy], but it is clearly impossible to coast along indefinitely. There is not much time left to develop new ideas and make a new approach before events will overtake and ‘surprise’ the State Department.”² In the 1980s, it was “Brazil’s fledgling democracy and free economy that should place it foremost in the U.S. vision,”³ while in the post–Cold War era, it has been argued that the exact opposite—Brazil’s political stability, economic strength, and increased international prestige—requires greater U.S. policy attention. Brazil’s voice, it is emphasized, “will be impossible to tune out,” and the United States will be forced to deal with the southern giant.⁴ In full, the United States must pay attention to Brazil, or else.

In spite of these calls for increased engagement, this day of reckoning has not materialized—Washington has failed to dedicate sustained attention to Brazil and has been able to coast along indefinitely without consistent engagement with its southern neighbor. The threats have been unheeded simply because they do not address the roots of the limited engagement between the two countries. A lack of high-level attention has largely marked
U.S.-Brazil relations because, rather than responding to calls or demands to engage a certain country, policy makers dedicate attention to other countries that prioritize similar issues.

Brazil and the United States have experienced only limited examples of high-level engagement due to a dearth of “dual priorities,” driven by the structural factors of a large relative power disparity and different foreign policy traditions, and influenced by the agency factor of oftentimes indifferent policy makers. The four examples of high-level engagement between the United States and Brazil all reveal how the U.S.-Brazil relationship “turns on” in the presence of these common interests. First, during the period spanning 1889 to 1908, Washington and Rio de Janeiro both ranked upholding the Monroe Doctrine and promoting Pan-Americanism among their highest foreign policy goals. Secretary of State Root and Foreign Minister Rio Branco were also powerful proponents of close bilateral relations. Second, the United States and Brazil became crucial allies during World War II as they cooperated to defeat the Axis threat, supported by the close relationship between presidents Vargas and Roosevelt. Brazil provided critical bases and troops to the war effort while Washington bolstered Brazil’s military with financing and supplies. Third, in the period surrounding Brazil’s 1964 coup, the U.S. government and the Brazilian military were equally concerned with squelching the Communist threat in Brazil. The powerful role of Ambassador Lincoln Gordon facilitated U.S. involvement in the conflict. Finally, Presidents Carter and Geisel, although at odds over very different notions of national sovereignty, faced the common concerns of nuclear development and human rights. We also discovered that people matter. The unique U.S.-Brazil bilateral relationship shows how individual policy makers had the ability to affect the depth of bilateral engagement when dual priorities were present.

To a certain extent, the United States’ relationship with all other countries is based on dual priorities. The U.S. government dedicates policy attention to other states when they either pose problems or can help with other problems. What, then, is unique or new about the application of this framework to Brazil? Quite simply, nothing. But there is a difference in how the press and much of academia have treated the U.S.-Brazil relationship. U.S. policy toward Brazil has commonly been critiqued as a policy of neglect, rather than the more objective evaluation of a policy limited by a lack of dual priorities. By understanding the bilateral relationship through the lens of common interests, we see how unique Brazil is. It is perhaps the largest, most important country in the world that neither poses a significant threat to the United States due to the two countries’ power disparity, nor frequently cooperates with Washington to solve problems due to differences in their foreign policy priorities. The result is the complex situation in which the United States apparently neglects its large and powerful southern neighbor.
At the turn of the twenty-first century, academics and policy analysts emphasized that the United States had virtually ignored Brazil and in so doing had foregone stronger economic ties, a more effective regional security apparatus, and a more influential role in South America as a whole. However, throughout the history of the bilateral relationship, substantive work and interaction between many layers of U.S. and Brazilian government workers occurred on a day-to-day basis. Much of the diplomatic attention was not publicly known or reported because it took place at this bureaucratic level. For example, in 2002, the U.S. Department of Health and Human Services had more contact with Brazilian officials over health issues than with any other country in the world.5 We also saw important cooperation and dialogue throughout the 1980s on commercial issues and even throughout the 1950s and the period surrounding the perceived neglect of the Eisenhower administration. So, while high-level policy engagement with Brazil was sporadic, this was not to say that meaningful interaction between the two governments had not occurred.

A FIFTH EPISODE OF ENGAGEMENT?

Brazil and the United States found themselves at a critical juncture during the Obama and Lula administrations, driven by an erosion of the two countries’ relative power gap. The less asymmetrical relationship relative to previous decades meant that the range of common policy concerns began to see increased overlap. Brazil’s role as an energy supplier—both of biofuels and oil—translated into increased engagement with the Obama administration as it embarked on a radically new energy policy. In addition to serving as a major alternative to Middle Eastern energy supplies, Brazil had become a global leader in the areas of international environmental protection and international trade. The Lula administration also continued to insert Brazil into the global policy arena, weighing in on issues central to U.S. security such as the Middle East peace process and nuclear proliferation. U.S.-Brazil engagement surrounding the latter tended to be marked by disagreement and tension. As the United States addressed its diminished influence in Latin America due to its own financial difficulties and focus on the Middle East, the growing importance of Brazil’s role as a moderate voice in the region also meant ongoing engagement with Brasilia. Interestingly, then, contrary to the predictions of Ambassador Pickering, the prioritization of Brazil proved to be less of a deliberate decision by U.S. policy makers. Brazil’s convergence with the United States in terms of relative power continued to shift the tectonic plates of the relationship, facilitating U.S. engagement with a stronger, more assertive Brazil. Ironically, then, as Washington focused on extracting itself from two wars and emerging from
its worst economic crisis in a hundred years, Brazil began to play a more
important role in its foreign policy than ever before.⁶

NOTES

1. “A Letter to the President and a Memorandum on U.S. Policy toward Brazil:
Statement of an Independent Task Force” (New York: The Council on Foreign Rela-
tions, 2001).
Affairs 51, no. 3 (April 1973): 598.
3. “The United States and Brazil: Structuring a Mature Relationship,” CSIS Report,
4. See Ian Katz and John Templeman, “Power Shift in Latin America: Brazil Starts
to Flex its Muscle,” Business Week, 13 October 1997; and “A Letter to the President
and a Memorandum on U.S. Policy toward Brazil: Statement of an Independent
5. Marc Grossman, undersecretary of state for political affairs, remarks at Itama-
raty Palace, Brasilia, 7 March 2002.
6. This trend is poised to continue—regardless of who is in power in either
country—as sustained engagement becomes the new norm, replacing the historic
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