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**OA/ID Number:** 13761

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**Folder Title:**

President Collor of Brazil - Arrival and Toast 6/18/91 [OA 7564][1]

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FAX MESSAGE FOR Miss CAROLYN CAWLEY (nº 456.2983)

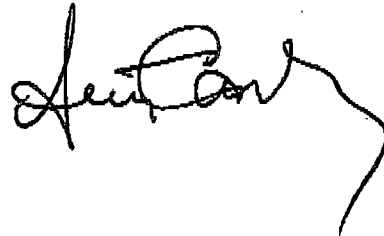
WHITE HOUSE SPEECH'S OFFICE

From: Luiz Chaves

Dear Miss Cawley,

As per our conversation early this afternoon.

Thank you,

A handwritten signature in black ink, appearing to read 'Luiz Chaves', with a long, sweeping flourish extending to the right.

It is my wish to make a special toast to President Collor and his brave wife Rosane, for it just came to my knowledge another adventure of the President, another adventure in the style "Indiana Jones".

During the flight from Brasilia to Washington Mr. Collor, with the help of the flight Commander, learned quickly how to fly the airplane and he did so as he crossed Venezuela and, later on, helped in the landing.

As all the Brazilian guests are here, I believe there hasn't been any danger in the flight and in the landing and I can even tell that the President showed a so great skill that they all arrived half an hour earlier.



PRESIDÊNCIA DA REPÚBLICA

FAX MESSAGE FOR MS. CAROLYN CAWLEY

WHITE HOUSE SPEECH'S OFFICE

From: Luiz Chaves

Dear Miss Cawley,

Sorry about the delay. Too many trips abroad and inland. If you find of any use, these are a few things that occurred me it could be spoken.

I'll call you on monday to know your opinion.

Thank you,



PRESIDÊNCIA DA REPÚBLICA

- PRESIDENT BUSH ONCE REFERRED TO PRESIDENT COLLOR AS "INDIANA JONES"-- IN FACT PRESIDENT COLLOR HAS PROVED THAT THE STRENGTH AND COURAGE HE SHOWS IN HIS WEEKEND JOGGING, IN FLYING JET FIGHTERS AND JET-SKIING, HE ALSO SHOWS IN THE DETERMINATION WITH WHICH HE IS LEADING UNPRECEDENTED CHANGE IN BRAZIL.

- PRESIDENT COLLOR IS A BLACK BELT KARATE FIGHTER, AND IS ALSO A CHAMPION IN CHOPPING DOWN RED TAPE; IN ONE BLOW HE KNOCKED OUT ONE HUNDRED AND SEVEN THOUSAND PRESIDENTIAL DECREES IN BRAZIL, WHICH HAD BEEN ACCUMULATING SINCE 1889.

- THE PRESIDENT AND ROSANE, A COUPLE KNOWN FOR THEIR YOUTH AND ELEGANCE, DO BRING NEW "COLLOR" TO THIS WHITE HOUSE.

- BRAZIL USED TO BE KNOWN IN THE WORLD OF SPORTS FOR ITS EXCELLENCE IN SOCCER, NOW IT IS FAMOUS FOR ITS CHAMPIONS IN FORMULA-I AND INDY CAR RACING -- IT IS A SIGN OF A COUNTRY ON THE FAST TRACK TO MODERNITY, WITH PRESIDENT COLLOR BEHIND THE WHEEL.



PRESIDÊNCIA DA REPÚBLICA

**FAX MESSAGE FOR MS. CAROLYN CAWLEY**

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Thank you,

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THE WHITE HOUSE  
WASHINGTON

91 JUN 17 P1:39

DATE: June 18<sup>th</sup>

PLEASE DELIVER THE FOLLOWING PAGES TO:

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PHONE: \_\_\_\_\_

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I apologize for not having faxed this to you earlier. . . .

Thank you.

IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CALL BACK AS SOON AS POSSIBLE TO (202) 456-7788.

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14PT CAPS

(2)

**GLORIA ESTEFAN**

Singer/songwriter Gloria Estefan has been winning international praise from fans and critics alike throughout her sold-out 100-city "Into the Light" 1991 World Tour.

The Cuban-born Estefan rose to fame in the late 1980s, highly acclaimed for the honesty, urgency and passion of her music, as well as for the exceptional perception and directness of her lyrics. Having just played to 500,000 fans in 31 sold-out shows in as many cities throughout Europe and Japan, her audience continues to grow.

Miss Estefan's many credits include 78 platinum records, 48 gold records, an astonishing 11 consecutive #1 hits certified by Billboard magazine, Billboard's "Artist of the Year" and BMI's "Songwriter of the Year" awards. In addition, in 1989 GLORIA ESTEFAN and Miami Sound Machine were named the American Music Award's Favorite Pop Rock Duo or Group.

Miss Estefan also won the Tokyo Festival in Japan, and has received numerous Grammy Award nominations, as well as the prestigious Crystal Global Award from Sony Music Entertainment "for outstanding world-wide sales." Other recipients of the <sup>Globe Award</sup> Crystal include Michael Jackson, Julio Iglesias, and Barbra Streisand.

Four weeks after its January 1991 debut, Miss Estefan's current album, "Into the Light," reached #1 on the Billboard chart. It already has gone double platinum and produced three hit singles. Her three-month 45-city North American Tour kicks off July 6th, in San Antonio, Texas.

~~Gloria Estefan lives in Miami Beach with her husband/personal manager/founder of GLORIA ESTEFAN and Miami Sound Machine, Emilio Estefan and their 10-year-old son Nayib.~~

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1/12



7TH STORY of Level 1 printed in FULL format.

Copyright (c) 1991 Gannett Company Inc.  
USA TODAY

January 22, 1991, Tuesday, FINAL EDITION

SECTION: LIFE; Pg. 2D

LENGTH: 166 words

HEADLINE: Bush not too busy to send Estefan a note

BYLINE: Karen Thomas

DATELINE: MIAMI

BODY:

President Bush is well-known for penning little personal notes. But who would think that in these frantic times, he'd take the time?

Last week, Maria Shriver hand-delivered one of Bush's handwritten memos to Gloria Estefan.

'Maria was with them when Mrs. Bush broke her leg (Sunday), and when he found (Maria) was coming down (to Miami), he sat down and wrote me a note,' says Estefan.

As Estefan remembers the note: 'I hope you're totally OK now, and I wish you all the best.'

'That in the middle of this crisis, that he would take the time to be that personal was a wonderful thing,' she says. 'It was very special.'

Estefan makes her first public performance Jan. 28 at the American Music Awards, where she'll sing Coming Out of the Darkness, a song she says explains her 10-month recovery from a broken back.

Bush was among thousands of well-wishers who lent support to Estefan last March when a tractor-trailer rig crashed into her tour bus on a snowy Pennsylvania road.

GRAPHIC: PHOTO; b/w, John Glenn, USA TODAY

CUTLINE: ESTEFAN: Performs for the first time in 10 months Jan. 28

TYPE: People

SUBJECT: MUSIC; CELEBRITY; PRESIDENCY



8TH STORY of Level 1 printed in FULL format.

Proprietary to the United Press International 1991

January 9, 1991, Wednesday, BC cycle

SECTION: Domestic News

LENGTH: 429 words

HEADLINE: ARNOLD TOO TOUGH FOR TV CRITICS

KEYWORD: PEOPLE

## BODY:

The National Coalition on Television Violence is waging a campaign to persuade President Bush to take back his appointment of strongman-actor Arnold Schwarzenegger as chairman of the President's Council on Physical Fitness and Sports. Schwarzenegger, a former body builder, makes movies that often include violence. Says campaign coordinator Brian Sullivan: "Even if Mr. Schwarzenegger were the nicest, gentlest, most anti-steroid drug person in the world, his appointment as head of the PCPFS would still mistakenly glamorize violence." No word from the White House.

-----

GLORIA ESTEFAN READY TO BOOGIE -- Miami Sound Machine singer Gloria Estefan is back and ready to rhumba. Or conga, twist or any other dance you care to mention. Estefan says she's looking forward to the group's world tour now that she has recovered from a March 1990 tour bus crash in Pennsylvania that broke her back and almost left her paralyzed. "Mentally, I'm fully recovered. Physically, I feel fully recovered," Estefan told a Toronto news conference.

The crash left her son, Nayib, with a broken collarbone. Surgeons had to implant two 8-inch steel rods in the dancer's back.

-----

MIDLER CUTS BACK ON VICES -- Singer-actress Bette Midler is living a cleaner life these days. She told Longevity magazine: "I've stopped drinking because I don't have a tolerance for it. And I hated the hangovers. I was also afraid of becoming addicted. I did some drugs, too -- but no more. I've even cut down on cigarettes."

-----

THE MAKING OF A FEMINIST -- Feminist Gloria Steinem, writing in Ms. magazine on movie sex goddesses who must give "total surrender" to their leading men. "As a little girl watching versions of this scene in Saturday matinees, I remember feeling betrayed. By the time I was a teenager, I had accepted this movie ritual as adult reality."

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WHAT DID GRANDMOTHER THINK? -- Actress Lynn Whitfield was glad to be chosen over Diana Ross and Whitney Houston to play Josephine Baker in the upcoming HBO movie "The Josephine Baker Story." But she told Glamour magazine she was concerned about the scene requiring her to bare her breasts to perform Baker's famous "Banana Dance." "I was nervous about what my grandmother would think. But when I saw the old footage . . . I saw her wonderful sense of humor and naivete. If you look at pictorial books on Africa, you see young, nubile women



2ND STORY of Level 1 printed in FULL format.

Copyright (c) 1991 Newsday, Inc.;  
Newsday

May 3, 1991, Friday, NASSAU AND SUFFOLK EDITION

SECTION: NEWS; Pg. 8

LENGTH: 575 words

HEADLINE: PEOPLE

BYLINE: Edited by Al Cohn

KEYWORD: COLUMN

BODY:

Joan Rivers

Wedding Bells?

'Hold the Rice'

Since her husband, Edgar Rosenberg, committed suicide four years ago, Joan Rivers has been linked romantically with several men, but she has insisted that her only real interests are her TV talk show, her daughter, Melissa Rosenberg, her clothing and the decor in her Manhattan apartment.

She says this hasn't changed despite a current cover story in a national tabloid reporting that she and Bernard Goldberg, a Manhattan lawyer, will wed. Jeff Erdel, a spokesman for Rivers, said yesterday, "Hold the rice; it isn't true." Through Erdel, Rivers, 57, said she does know Goldberg, who is 59. "I bought my apartment from him, and he's very nice," she said. "But that's where the truth stops."

Alluding to Goldberg's status as an attorney, Rivers joked, "The most romantic name he ever called me was 'plaintiff.'" Erdel said that Rivers "wonders how stories like this get started," and that she planned to deny the tabloid's story Monday on her syndicated talk show. The theme of that program, on Channel 4, will be gossip.

Rivers and Rosenberg were married for 22 years and had the one daughter, who is a 22-year-old aspiring actress. Erdel was asked whether Rivers has had any romances. "If she has, she hasn't made them public," he said.

Gloria Estefan

Free Tickets for Recuperating Soldiers

Checking the concert scene, here and abroad:

In Frankfurt, Germany, Gloria Estefan, who knows about injuries, had planned Wednesday night to visit about 200 U.S. soldiers recovering from wounds suffered in the Persian Gulf war. But scheduling got tight for the pop singer, who has been on her first concert tour since she suffered a broken back in a



(c) 1991 Newsday, May 3, 1991

bus accident more than a year ago.

Rather than miss the soldiers, Estefan arranged for them to get free tickets to her show at a Frankfurt concert hall. Estefan, who is touring Europe and the United States, also met with the soldiers backstage.

Meanwhile, back in the U.S., financial help is on the way for the families of singer Reba McEntire's tour manager and band members. Shortly after the seven musicians and the tour manager were killed March 16 in a plane crash near San Diego, country music performers began setting up concerts to raise money for the families of the deceased. Merle Haggard, Charlie Daniels, Kathy Mattea and others took part in a series of concerts a week after the accident, and The Associated Press reported yesterday that they raised more than \$ 140,000.

The concerts were held at a resort in St. Charles, Ill., and a spokesman for the resort said that each family will get about \$ 18,000 from the proceeds. Also appearing at the concerts were Sawyer Brown, Lee Greenwood, Janie Fricke and Lorrie Morgan.

Elton John

Captain Fantastic Takes 2 British Music Awards

Elton John keeps rolling along, with music that maintains his popularity through hit songs or TV soda commercials.

John led the star parade yesterday in London by winning two of Britain's top music awards. His recent hit "Sacrifice" was named best song and also brought him an Ivor Novello award for best-selling A-side record. John wrote that with lyricist Bernie Taupin. The best songwriter award went to Phil Collins. Rolling Stones Ronnie Wood and Bill Wyman won an award for outstanding contributions to British music. The Novello awards are presented by the British Academy of Songwriters, Composers and Authors.

GRAPHIC: AP Photo-( Gloria) Estefan and Persian Gulf war veteran Michael Mobluy, 36, of San Antonio, Texas, pose for pictures after her concert in Frankfurt, Germany, on Wednesday.



3RD STORY of Level 1 printed in FULL format.

Copyright (c) 1991 The Time Inc. Magazine Company;  
People

April 8, 1991

SECTION: PICKS & PANS; Plus; Pg. 41

LENGTH: 174 words

BYLINE: Susan Toepfer

BODY:

Cowabunga, dudes -- those Teenage Mutant Ninja Turtles are back and eating Lambs (see Screen, right). In the sequel to their 1990 hit, Teenage Mutant Ninja Turtles, the pizza-scarfing reptiles vaulted into the box office lead with Teenage Mutant Ninja Turtles II: The Secret of the Ooze, which pulled in some \$20 million on its first weekend (March 22-24) and unseated The Silence of the Lambs (\$78 million overall), possessor of the top spot for five weeks. . . . Singer Gloria Estefan is enjoying an even more dramatic sequel of her own (Song). One year after she broke her back in a tour-bus accident, Estefan and Miami Sound Machine are back on top of the pop charts with their third No. 1 single, "Coming out of the Dark." . . . But don't be looking for any comebacks from L.A. Law's resident shark, Rosalind Shays (Diana Muldaur): On March 21 the crafty attorney fell down an elevator shaft to her death. The much-hyped episode brought the series its highest ratings of the season (Tube); no wonder it was titled "Good to the Last Drop."



6TH STORY of Level 1 printed in FULL format.

The Associated Press

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March 2, 1991, Saturday, PM cycle

SECTION: Domestic News

LENGTH: 154 words

HEADLINE: Gloria Estefan Kicks Off World Tour

DATELINE: MIAMI

KEYWORD: People-Estefan

BODY:

Gloria Estefan kicked off her comeback from a serious back injury with a high-spirited performance that left 12,000 hometown fans cheering.

"I love you Miami," Estefan said. "I'm at a loss for words right now. I thought I'd have a million things to say when I got up here, but it's so hard. No matter what I say, it is not enough for all the love you've given me this year. You moved mountains for me."

Friday night's concert at the Miami Arena was Estefan and The Miami Sound Machine's first since a bus accident last March left her with a broken back.

Doctors inserted a pair of eight-inch rods in her spine and initially feared she might be paralyzed.

Her performance proved that months of grueling therapy had paid off.

Estefan danced and pranced on stage and a huge ovation greeted her first song, "Get on Your Feet."

The world tour accompanies the release of the group's latest album, "Into the Light."



4TH STORY of Level 1 printed in FULL format.

Copyright (c) 1991 Times Newspapers Limited  
The Times

April 2, 1991, Tuesday

SECTION: Features

LENGTH: 1094 words

HEADLINE: Grown up, happy and Gloria

BYLINE: David Sinclair

BODY:

Two weeks ago, on March 20, Gloria Estefan was in a Japanese hotel room when, at the unsociable hour of 2.20am, the phone rang. The news from America was that 'Coming Out of the Dark' had become her third No 1 hit. It was a sweet and poignant moment, not least because on March 20 it was also one year to the day since she had been lifted out of the wreckage of her tour bus on a Pennsylvanian highway with a broken back.

The speed of her recovery, from an injury that specialists thought might leave her permanently disabled, has been astounding. Two weeks after a New York surgeon had inserted two eight-inch titanium rods which will stay in her spine for the rest of her life, she left hospital in a wheelchair and set about getting into shape. Having undertaken a rigorous regime of exercise and physiotherapy, while simultaneously writing and recording a new album, *Into the Light*, she was fit to start a world tour on Saturday March 2, when she performed on her home turf at the 12,000-seat Miami Arena. It was, understandably, an emotional occasion for all concerned. 'The biggest feeling was a sense of relief that this moment was over and that now I could try to move on, and start to put the accident behind me,' she says. 'I know it will be a while yet, but that was a major step to have taken.'

In London last Friday, in the opulent surroundings of the penthouse hotel suite in which Michael Jackson stayed on his last British visit, she is dressed entirely in black: jacket, bra, miniscule culottes and not a lot else. An expanse of bare midriff is revealed whenever she leans forward. Petite, though anything but frail, her 33-year-old body is clearly honed to taut perfection.

'I was always very careful to maintain my lower back, because when I was 13 I fell and hurt my coccyx. Now I make sure that my abdomen is very strong. I work a lot on strengthening that. I'll always have the damage to the left side of my body which, if you measure it with instruments, is now a lot less strong than my right side. But I really don't find any limitations to anything that I've wanted to do on stage. It's only when I'm extremely tired that my left leg becomes harder to lift than the other.'

'I can't feel the rods in my back unless I'm sitting against something hard, then I feel the screws at the top. I'm still building up the muscles in my back to try and cushion that. I don't do any sudden twisting motions. When it's really humid or cold I feel it where they took the bone graft from my hip, but I really don't feel anything in my back.'



(c) 1991 Times Newspapers Limited, April 2, 1991

'I've always been hard-headed, stubborn in the things that I want to accomplish. But this was an easy thing to have discipline and will about. It's not as if you're dieting; you're talking about being able to walk again. My father was very ill and he spent years in a wheelchair, so I knew how quickly muscles can atrophy.' Born Gloria Fajardo in pre-revolutionary Cuba, where her father worked as a motorcycle policeman, Estefan was two years old when Castro came to power in 1959, and the family fled to Miami. Her father enlisted in the American army, fought at the Bay of Pigs and later volunteered for Vietnam. For Estefan, the refugee who now lives in a magnificent mansion on the exclusive Star Island, the American Dream is a fact. 'The one thing that America stands for, for me, is freedom. Native Americans sometimes take their country for granted because they really don't know what's going on outside.'

For much of her adolescence she nursed her invalid father, while her mother was out at work. She went to college and gained a degree majoring in psychology. The turning point in her life came in 1974 when, as a guest at a local wedding, she was invited to perform a couple of songs with a band of Cuban expatriates led by percussionist Emilio Estefan. She ended up joining the band, which later became known as Miami Sound Machine, and four years later she married Emilio. For a long time she was known only as the vocalist in Miami Sound Machine, which enjoyed its first international hit with 'Dr Beat' in 1984.

But gradually, as the band's winning mixture of catchy pop and swirling salsa rhythms gathered in popularity, Emilio persuaded her to take a more central role and receive correspondingly more prominent billing.

'I never had a driving ambition to be anything,' she protests with a chuckle. 'I liked to sing, that was my whole motivation. I always wrote poetry and I loved to write parodies of other people's songs, but it was Emilio who talked me into writing my own songs.'

'It was never in my mind that I wanted to be a star.' Such is her present celebrity that she has been called 'the Latin Madonna', a description which prompts a hoot of laughter.

'There's a certain sensuality that you feel on stage because you're getting this massive love coming at you from all these people. Your fans ultimately fall in love with you a little bit, and that's good.'

'But Madonna's really out on the edge of all that. Everything that she does is very controversial. I don't like controversy. I'm very laid back. I'm very calm. I could never pull that off, myself.'

She was brought up a Catholic and still regards herself as religious 'in a spiritual way'. She finds herself affected by the bad news that dominates the newspapers. Today they are full of Eric Clapton in mourning at his four-year-old son's funeral. 'I don't know Eric Clapton, but I have certainly prayed for him ever since it happened.'

George Bush, whom she met the day before her accident, gets her vote not only because he was 'very warm and personable' and showed her and her ten-year-old son Nayib round the White House, but because 'he is doing a good job'.



(c) 1991 Times Newspapers Limited, April 2, 1991

Although her life is now one of luxury and privilege, her manner remains direct and streetwise. She insists that her wealth has not cut her off from the multi-ethnic Miami culture, citing her long-term involvement with many charity and community organisations.

'People are affectionate and proud, but I don't get mobbed. Obviously, I don't go into a mall that's packed with people because then it's difficult for me to do anything. But I go to the movies, I go to restaurants, I walk down the Art-Deco section of Miami Beach that's one of my favourite things to do. I can still have a very good time in my own city.'

Gloria Estefan appears on Wogan (BBC1) tomorrow. She plays Wembley Arena on April 6, 8, 9, 11, 13 and June 4, 5. NEC, Birmingham on April 16, 17, 19, 20 and May 30. SECC, Glasgow on April 23, 24.

TERMS:

Gloria Estefan; Rock

TONY -

Holly Williamson called again about "carving from the wilderness" stuff. Apparently Ede Holiday feels strongly that it should be removed.

What do you think about the highlighted retread above?

- Carolyn -

Cawley/Grant  
June 9, 1991  
brazil.tst - 1

**PRESIDENTIAL REMARKS: STATE DINNER TOAST  
PRESIDENT COLLOR OF BRAZIL  
TUESDAY, JUNE 18, 1991**

Mr. President. Distinguished guests. Friends of Brazil:  
It is a distinct privilege for Barbara and me to salute this  
extraordinary President. With great admiration we welcome to our  
nation's home, Brazil's President, Ferdinand Collor. //

Our two countries were built upon the aspirations of  
pioneers, immigrants, merchants and workers: hardy people filled  
with the spirit of enterprise and independence, enthusiasm and  
ingenuity. They came to the Americas, determined to achieve lives  
of freedom and opportunity. This is our heritage -- and we will  
continue to fulfill it.

The legacy we leave to our future generations must be  
an alliance of democratic institutions, free markets, and  
environmental stewardship. President Collor, I salute your efforts  
to consolidate your political system -- your firm commitment to  
free people and free markets -- your determination to raise  
environmental awareness, both at home and abroad. // In fact, I  
had to laugh when I heard the tale of your trek to Brazil's  
scientific outpost in Antarctica. The pace you set was so vigorous  
that you nearly lost one of your Cabinet ministers in a snow  
bank. /// [Now my own Cabinet won't let me near Antarctica.] ///

Your service to your nation has been a source of faith:  
faith that Brazil will move forward under your guidance -- and  
faith that our nations will continue to be loyal friends and allies

To POTUS

Cawley/Grant  
June 13, 1991  
brazil.arr - 2

**PRESIDENTIAL REMARKS: PRESIDENT COLLOR OF BRAZIL ARRIVAL  
SOUTH LAWN  
JUNE 18, 1991  
10:00 A.M.**

Good morning and welcome to the White House. It is my great honor to greet you, Mr. President, one of Latin America's most dynamic statesmen. //

The U.S./Brazilian friendship has spanned nearly two centuries now -- an alliance built on fidelity to democracy, healthy mutual respect, and firm collective will.

The most basic roots of our friendship lie in our dedication to democracy -- our allegiance to the power of the individual and the rule of law. The nations of the Americas all struggled and gained independence from the old ways of the Old World. We built nations of promise and renewal. One hundred seventy-nine years ago, the United States was proud to be the very first nation to recognize the newly sovereign Brazil.

That year, your predecessors achieved independence without bloodshed, traded goods with the world, and began to integrate a vastly diverse country. Today, President Collor, you represent the modern leader, Brazil's first directly-elected President in twenty-nine years. We understand the challenges you face, and admire the vigor with which you are dealing with them.

Across the spectrum -- from trade and economic matters, to environmental issues, to concerns over nuclear proliferation -- we are determined to treat our common challenges as opportunities

-- opportunities to improve life throughout this hemisphere.//

Brazil, with its great natural wealth and resourceful people, can make enormous contributions to the world economy -- and to hemispheric prosperity. Along with the other nations of the Americas, as a long term goal, we aim to create the largest free-trading partnership of sovereign states in the world. The Enterprise for the Americas Initiative, which I unveiled one year ago next week, can help make this goal a reality -- and we're already making great strides.

I'm pleased to announce that tomorrow we will sign the completed negotiations for a Trade and Investment Framework Agreement with Brazil, Argentina, Paraguay, and Uruguay -- the countries of the planned Southern Common Market, or "Mercosul".

// We look forward to this new era of enhanced dialogue in our trade and investment relations.

Mr. President, America stands by your side as you tackle Brazil's most pressing issues. When I visited Brazil last December, I saw the bold economic changes you are making. You have trimmed government, and announced plans to privatize enterprises, fight inflation and liberalize trade. These are the keys to growth and prosperity in Brazil.

As the 21st century draws near, we'll mark the 500th anniversary of Columbus' discovery of the Americas -- and the arrival of Cabral's Portuguese fleet in Brazil. Spectacular change characterizes this half-millennium. The New World is becoming integrated in ways our forefathers would never have dreamed, and our firm collective will can help ensure a future

filled with cooperation -- not conflict. Brazil knows well the importance of united efforts -- aligning with the Allies in both World Wars, its brave expeditionary forces playing a key role in World War II. A half-century later, Brazil supported the United Nations resolutions and sanctions against Iraq -- despite significant economic losses. That, Mr. President, testifies not just to your vision, but to your courage. For this, we thank you.

On behalf of all Americans, I salute the shared ideals that unite our nations and the lasting friendship between the people of the United States and the people of Brazil. It is my great pleasure to welcome you to the White House. // May God bless the Federative Republic of Brazil.

[ PULL THE PODIUM STEP ]

# # #

Cawley/Grant  
June 13, 1991  
brazil.tst - 2

**PRESIDENTIAL REMARKS: STATE DINNER TOAST  
PRESIDENT COLLOR OF BRAZIL  
TUESDAY, JUNE 18, 1991  
7:45 P.M.**

Mr. President. Distinguished guests. Friends of Brazil:  
It is a distinct privilege for Barbara and me to salute this  
extraordinary President. With great admiration we welcome to our  
nation's home, Brazil's President, Fernando Collor de Mello. //

Our two countries were built upon the aspirations of  
pioneers, immigrants, merchants and workers: hardy people filled  
with the spirit of enterprise and independence, enthusiasm and  
ingenuity. They came to the Americas, carving from the wilderness  
lives of freedom and opportunity. This is our heritage -- and we  
will continue to fulfill it.

The legacy we leave to our future generations must be  
an alliance of democratic institutions, free markets, and  
environmental stewardship. President Collor, I salute your efforts  
to invigorate your political system -- your firm commitment to free  
people and free markets -- your determination to raise  
environmental awareness, both at home and abroad. // Our guests  
deserve to know about your trek to Brazil's scientific outpost in  
Antarctica. You moved around at such a pace that you almost lost  
one of your Cabinet members in a snow bank. [[And to think my  
Cabinet officials are frightened by a little game of speed golf.]]

Your service to your nation expresses your faith that Brazil  
will move forward and that our nations will continue to be loyal

friends and allies as we enter the 21st century.

In 1876, as the United States celebrated its centennial, a certain foreign visitor was making his own headlines. Clad in a black suit and silk cap, your own Emperor Dom Pedro II sailed into New York's East River as thousands of spectators thronged the docks, cheering and saluting.

He traveled the country on our new railroad -- over 9,000 miles, from Maryland to Wyoming, from California to Louisiana -- causing one newspaper editor to remark that "when he goes home, he will know more about the U.S. than two thirds of the Congress!" //

Finally, on July 4 -- in Philadelphia, Dom Pedro joined President Grant in opening our Centennial Exhibition. A hymn was written especially for our 100th birthday by the celebrated Brazilian composer, Antonio Carlos Gomes. Tributes to your Emperor noted that "...no distinguished stranger ever came among us who, at the end of three months, seemed so little of a stranger and so much of a friend to the whole American people as Dom Pedro II of Brazil." Today, Mr. President, you carry on this friendship. Americans are proud to call you our friend, and on their behalf, I offer this toast:

To lasting friendship between the people of the U.S. and the people of Brazil; to the shared ideals that unite our nations; and to a future of freedom, democracy and prosperity across all the Americas.

# # #

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**PRESIDENTIAL REMARKS: PRESIDENT COLLOR OF BRAZIL ARRIVAL  
JUNE 18, 1991  
10:00 A.M.  
SOUTH LAWN**

Good morning and welcome to the White House. It is my great honor to greet you, Mr. President, one of Latin America's most dynamic statesmen. //

The U.S./Brazilian friendship has spanned nearly two centuries now -- an alliance built on fidelity to democracy, healthy mutual respect, and firm collective will.

The most basic roots of our friendship lie in our dedication to democracy -- our allegiance to the power of the individual and the rule of law. The nations of the Americas all struggled and gained independence from the old ways of the Old World. We built republics of promise and renewal. One hundred seventy-nine years ago, the United States was proud to be the very first nation to recognize the newly sovereign Brazil.

That year, your predecessors achieved independence without bloodshed, traded goods with the world, and began to integrate a vastly diverse country. Today, President Collor, you represent the modern leader, Brazil's first directly-elected President in thirty years -- and we understand the difficulties you face.

Across the spectrum -- from trade and economic matters, to environmental issues, to concerns over nuclear proliferation -- we are determined to treat our common challenges as opportunities

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- opportunities to improve life throughout this hemisphere.//

Brazil, with its great natural wealth and resourceful people, can make enormous contributions to the world economy -- and to hemispheric prosperity. Along with the other nations of the Americas, we aim to create the largest free-trading partnership of sovereign states in the world. The Enterprise for the Americas Initiative, which I unveiled one year ago <sup>next</sup> this week, can make this goal a reality -- and we're already making great strides.

Today, I'm pleased to announce that we have just signed a Trade and Investment Framework Agreement with Brazil for the planned "Mercosur" South American Common Market. //

Mr. President, America stands by your side as you tackle Brazil's most pressing issues. We embraced your Collor Plan of sweeping economic reforms and, when I visited Brazil last December, I saw the bold economic changes you have made. You have trimmed government, privatized enterprizes, fought inflation and liberalized trade. You hold the keys to growth and prosperity in the global economy -- and you are using them well. //

As the 21st century draws near, we'll mark the 500th anniversary of Columbus' discovery of the Americas -- and the arrival of Cabral's Portuguese fleet in Brazil. Spectacular change characterizes this half-milennium. The New World is integrated in ways our forefathers would never have dreamed, and our firm collective will can help ensure a future filled with cooperation - not conflict. Brazil knows well the importance of united efforts -- aligning with the Allies in both World Wars, its brave expeditionary forces playing a key role in World War II. Brazil

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strongly supported the United Nations resolutions and sanctions against Iraq -- despite significant economic losses. That, Mr. President, testifies not just to your vision, but to your courage. For this, the world thanks you.

On behalf of all Americans, I salute the shared ideals that unite our nations and the lasting friendship between the people of the United States and the people of Brazil. It is my great pleasure to welcome you to the White House. // May God bless the Republic of Brazil.

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June 12, 1991  
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**PRESIDENTIAL REMARKS: STATE DINNER TOAST  
PRESIDENT COLLOR OF BRAZIL  
TUESDAY, JUNE 18, 1991**

7:45 p.m.

Mr. President. Distinguished guests. Friends of Brazil:  
It is a distinct privilege for Barbara and me to salute this  
extraordinary President. With great admiration we welcome to our  
nation's home, Brazil's President, Ferdinand Collor. //

Our two countries were built upon the aspirations of  
pioneers, immigrants, merchants and workers: hardy people filled  
with the spirit of enterprise and independence, enthusiasm and  
ingenuity. They came to the Americas, carving from the wilderness  
lives of freedom and opportunity. This is our heritage -- and we  
will continue to fulfill it.

The legacy we leave to our future generations must be  
an alliance of democratic institutions, free markets, and  
environmental stewardship. President Collor, I salute your efforts  
to consolidate your political system -- your firm commitment to  
free people and free markets -- your determination to raise  
environmental awareness, both at home and abroad. // Our guests  
deserve to know about your trek to Brazil's scientific outpost in  
Antarctica. You moved around at such a pace that you almost lost  
one of your Cabinet members in a snow bank. [[And to think my  
cabinet officials get frightened by a little game of speed golf.]]

Your service to your nation expresses your faith that Brazil  
will move forward and that our nations will continue to be loyal  
friends and allies as we enter the 21st century.

State T.P.'s

Dom Pedro: The Magnificent  
By: Mary Williams  
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In 1876  
~~One hundred fifteen years ago,~~ as the United States  
celebrated its centennial, a certain foreign visitor was making his  
own headlines. Clad in a black suit and silk cap, your own Emperor  
Dom Pedro II sailed into New York's East River as thousands of  
spectators thronged the docks, cheering and saluting.

He traveled the country on our new railroad -- over 9,000  
miles, from Maryland to Wyoming, from California to New Orleans <sup>Louisiana</sup>  
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nations; and to a future of freedom, democracy and  
prosperity across all the Americas.

# # #

THE WHITE HOUSE

WASHINGTON

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of Latin America; PIERRE MONBEIG, *Ensaio de Geografia Humana Brasileira* (1940), a collection of essays on Brazil's human geography; DONALD PIERSON, *Negroes in Brazil* (1942, reprinted 1967), a good account of the history and sociology of this group; ROLLIE E. POPPINO, *Brazil: The Land and People* (1968), an excellent, historically oriented introduction to Brazil; T. LYNN SMITH, *Brazil: People and Institutions*, 4th ed. (1972), a sociologist's view of the regions, agriculture, land settlements, and socio-political institutions; JULIAN H. STEWARD (ed.), *Handbook of South American Indians*, 7 vol. (1946-59), an indispensable reference work.

*The Economy*: LUELLA N. DAMBAUGH, *The Coffee Frontier in Brazil* (1959), a monograph on one aspect of the Brazilian economy; GILBERTO FREYRE, *Brazil: An Interpretation* (1945), a sociologist's view of development; T. LYNN SMITH and ALEXANDER MARCHANT (eds.), *Brazil: Portrait of Half a Continent* (1951), a collection of noted works covering sociological and economic aspects; STANLEY J. STEIN, *The Brazilian Cotton Manufacture* (1957), on the textile industry from 1850 to 1950; KEMPTON E. WEBB, *The Geography of Food Supply in Central Minas Gerais* (1959), a basic regional study; GEORGE WYTHE, *Brazil: An Expanding Economy* (1949, reprinted 1968), a comprehensive study, emphasizing industrialization.

*Transportation*: The *Anuário Estatístico do Brasil* (annual), contains the most recent statistical data; ALAN ABOUCHAR, *Diagnostic of the Transport Situation in Brazil* (1967), a technical economic analysis; WORLD BANK, *Telecommunication* (Sector Working Paper, November 1971), includes basic data for Brazil.

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## Brazil, History of

This article covers the history of Brazil, with emphasis on the national period, and consists of the following sections:

- Brazil to 1889
  - Colonial period
  - The independence of Brazil
  - The Brazilian Empire (1822-89)
- Brazil since 1889
  - The early republican period
  - Return to representative government
  - Military intervention
  - Social and political changes after 1945

### BRAZIL TO 1889

The discovery and early settlement of Brazil appear in the larger perspective of history as episodes in the great movement of Portuguese colonial expansion to the east. Vasco da Gama's discovery in 1498 of an all-water route to the East Indies and Spice Islands by way of the Cape of Good Hope led the Portuguese crown to dispatch to India an imposing armada under command of Pedro Álvares Cabral. To avoid the calms off the Gulf of Guinea, Cabral bore so far to the west that on April 22, 1500, the mainland of South America was sighted; the region was promptly claimed by Portugal, as it lay well within the zone assigned to Portugal by the Treaty of Tordesillas (1494).

**Colonial period.** The coast of Brazil had been touched in January 1500 by the Spanish navigator Vicente Yáñez Pinzón, but the Spanish crown made no effort to follow up the discovery. Portugal's new possession was at first called Vera Cruz (the True Cross), a name soon abandoned in favour of Brazil after the valuable red dyewood (*pau-brasil*) with which the country abounded.

During the colonial period Brazil was expanded beyond the line of Tordesillas (a vertical line drawn 370 leagues west of the Cape Verde Islands) westward to the slopes of the Andes and northward and southward to the Amazon and the Rio de la Plata. In the north the movement was led by missionaries, who established missions along the Amazon in the 17th century. In the northeast, cattlemen from the sugar zones of Pernambuco and Bahia pushed inland into the present area of Piauí, Maranhão, and Goiás in search of new pastures. The brunt of the "march to the west," however, was borne by the Paulistas, the settlers of São Paulo who organized great expeditions into the interior, known as *bandeiras*, to capture Indian slaves and to find gold and precious stones. Some of these expeditions, involving entire families, lasted for years.

During the 17th century, Paulistas explored the area of Mato Grosso and attacked the Indian missions of Misiones and southern Brazil, generally meeting resistance from the Indians and their Jesuit protectors; only along the Rio de la Plata, in modern Uruguay, did the Spanish settlers eventually push the Paulistas back. The treaties of Madrid (1750), El Pardo (1761), and San Ildefonso (1777) with Spain gave some legality to Portuguese claims, including the conquests of the *bandeiras*.

An important factor in the unification of the people of Brazil was the heritage of Portugal; the Portuguese language formed a common bond between plantation residents, cattlemen, miners, slaves (both Indian and Negro), slave hunters, and city dwellers from the Amazon to the Rio de la Plata and distinguished them from their Spanish-speaking counterparts elsewhere in South America. Although Tupí-Guaraní continued to serve as a sort of lingua franca throughout much of the interior of the colony, Portuguese remained the official and the common language.

The expanded, patriarchal family structure, also derived from Portugal, was nearly uniform throughout Brazil, and power was exercised by the heads of those families which controlled the land, slaves, cattle, and, later, mines that produced the wealth of the colony. Brazilian society and the economy were rurally based. The population was divided unevenly between those who possessed landed wealth and prestige and those who were dependent upon them. No great cities grew up during the colonial period. Moreover, contact with Portugal was maintained in all parts of Brazil, and little trade or other regular contact existed between Brazil and neighbouring Spanish colonies. These common factors proved far stronger than did regional variants when Brazilian unity was under severe stress in the second quarter of the 19th century. (See also LATIN AMERICA AND THE CARIBBEAN, COLONIAL.)

**The independence of Brazil.** In 1789 the first rebellion against Portuguese authority was instigated by José Joaquim da Silva Xavier, known as Tiradentes (Tooth Puller) because of his occasional practice of extracting teeth. The uprising was put down, and Tiradentes was executed.

Despite its isolation, Brazil could not escape the effects of the revolutionary and Napoleonic epoch in Europe. In 1807 Napoleon resolved upon the invasion and conquest of Portugal, a traditional British ally, largely to tighten the European blockade of Great Britain. The Portuguese prince regent Dom John, afterward King John VI, decided to take refuge in Brazil, the only time a colony ever served as the seat of government for its mother country. He sailed from the Tagus on November 29, 1807, under the protection of the British fleet. Accompanied by the royal family and a horde of nobles and functionaries, he arrived at Rio de Janeiro on March 7, 1808.

The colonists, convinced that a new era had dawned for

Arrival of  
Dom John  
in 1808

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draft for  
Joint Session

Brazil, welcomed their sovereign. The Prince Regent promptly decreed a number of reforms that radically altered the status of the colony. These included practical recognition of Brazil's position as seat of the Portuguese Empire and its new requirements in view of the war in Europe. The old Portuguese commercial monopoly was abolished and Brazilian harbours were opened to the commerce of all friendly nations. British trade with Brazil immediately took on important proportions, and a number of British trading companies established offices in the colony.

A ministry with four portfolios and a council of state were installed in Rio de Janeiro, and a supreme court of justice, a court of exchequer and royal treasury, the royal mint, the Bank of Brazil, and the royal printing office were established. A royal library, a military academy, and medical and law schools were founded. Industries were encouraged, foreign scholars and artists were welcomed, and immigrants from northern Europe were brought in at government expense. The changed status of Brazil was reflected in the decree of December 16, 1815, by which the Portuguese dominions were designated the United Kingdom of Portugal, Brazil, and the Algarves, thus making Brazil coequal with Portugal. In 1816 the queen, Maria I, died, and the Prince Regent became king.

Although John VI enjoyed a certain degree of personal popularity, his corrupt and extravagant government aroused much opposition, which was increased by the fermentation of liberal ideas produced by the French Revolution. In Pernambuco a revolt broke out in 1817 and was put down with difficulty after a republic had been formed that lasted for 90 days. After the departure of the French, Portugal had been governed by an arbitrary and tyrannical regency. A revolution in 1820 swept aside the regency, and the Cortes, which had not met for more than a century, was summoned to draw up a constitution.

The presence of John VI in Portugal was imperative if the revolutionary movement was to be kept in hand. On April 22, 1821, he appointed his son Dom Pedro regent, and two days later he set sail for Lisbon. Meanwhile, antagonisms between the Portuguese and Brazilians were becoming increasingly bitter, republican propaganda was active, and Dom Pedro had to face the responsibility of a separation of Brazil from Portugal as a result of the shortsighted policy of the Cortes at Lisbon. The majority of this assembly favoured the restoration of Brazil to its former status of colonial dependence. Without waiting for the Brazilian deputies, they proceeded to undo most of the reforms introduced into Brazil by John VI. Fearful that Dom Pedro might head a movement for independence, the Cortes ordered the prince to return to Europe.

Supported by the majority of Brazilians, Dom Pedro defied the Cortes by his refusal to return to Lisbon. In January 1822 he formed a ministry in which the chief portfolio was held by the distinguished Paulista, José Bonifácio de Andrada e Silva. On June 3 Dom Pedro convoked a legislative and constituent assembly. On September 7, on the plain of Ipiranga, near the city of São Paulo, he solemnly proclaimed the independence of Brazil, and on December 1, 1822, he was crowned the nation's emperor.

The strong Portuguese garrisons were forced to return to Europe. Before the end of 1823 independence had become an accomplished fact. The United States was first to recognize the new government, on May 26, 1824. Portuguese recognition was secured in 1825. The early resumption of formal relations with Portugal was due in large part to the influence and good offices of the British government.

**The Brazilian Empire (1822-89).** The first years of independence were difficult. The nation was without experience in self-government, and the Emperor was inclined to be despotic and arbitrary. When the constituent assembly proved unmanageable, Pedro I dissolved it in 1823 and sent the radical Andrada e Silva and his two brothers into exile. Fortunately, however, he came to

realize that the days of absolutism were past; a new and liberal constitution, drawn up by the Council of State, was submitted to the municipal councils of the provinces and sworn to by the Emperor on March 25, 1824. Pedro's remaining years saw a growing estrangement between the monarch and his subjects. Parliamentary government was little to his liking, and the opposition generally commanded a majority in the chamber of deputies. Brazil became involved in a disastrous war with Argentina resulting in the loss of the Provincia Cisplatina (the present republic of Uruguay). Finally, Pedro formally abdicated on April 7, 1831, in favour of the heir apparent, Dom Pedro de Alacântara, then only five years of age.

**The regency (1831-40).** The next decade proved the most agitated period in Brazilian history. From 1831 to 1835 a triple regency tried in vain to end civil war in the provinces and lawlessness and insubordination in the army. In 1834 the constitution was amended to grant a measure of decentralization to the provinces, through the creation of provincial assemblies with considerable local power, and to provide for a sole regent to be elected for four years. For this office in 1835 a priest, Diogo Antônio Feijó, was chosen. For two years he struggled against disintegration, but he was forced to resign in 1837 and was succeeded by Pedro de Araújo Lima. As the end of the decade approached, sentiment began to crystallize in favour of a declaration of majority of the young Dom Pedro. The Brazilians, impatient with the regency, hoped to find in the Emperor a symbol to which the entire nation might rally. On July 23, 1840, both houses of parliament passed a declaration that Pedro de Alacântara had attained his majority.

**Pedro II.** The reign of Pedro II, lasting practically a half century, constitutes perhaps the most interesting and fruitful epoch in Brazilian history. The prestige and progress of the nation were due largely to the enlightened statesmanship of its ruler. Pedro cared little for the trappings of royalty. Though not without personal distinction he was always simple, modest, and democratic. He possessed an insatiable intellectual curiosity and was never more happy than when conversing with scholars. He was generous and magnanimous to a fault. One of his favourite occupations was inspecting schools. He was wont to declare, "If I were not emperor I should like to be a school teacher." Yet this kindly, genial, and scholarly ruler took his prerogatives and duties as sovereign with great seriousness, and in all matters of first importance he was the final arbiter. According to the moderative power granted to the executive under the constitution of 1824, the Emperor had the right to dissolve the Chamber of Deputies, to select the members of the life senate from triple lists submitted by the province, and to appoint and dismiss ministers of state. That parliamentary life in Brazil was pitched upon a high plane, that the highest officials in the state generally left office poorer than when they entered it, that the machinery of government functioned smoothly year after year was due in large measure to the vigilance of the Emperor.

Pedro's government maintained an active interest in the affairs of the Plata republics, especially of Uruguay, which it sought to control through indirect measures. Brazil aided in the overthrow of the Argentine dictator Juan Manuel de Rosas in 1852. In 1864 Brazil intervened in Uruguayan internal affairs and brought about war with Paraguay. In alliance with Argentina and Uruguay, Brazil successfully waged the costly and bloody Paraguayan War of 1864-70, eventually overthrowing the Paraguayan dictator Francisco Solano López. The empire's relations with the United States and with Europe were generally cordial. Pedro personally did much to cement these international friendships, visiting Europe in 1871, 1876, and 1888 and going to the United States in 1876.

The empire's major social and economic problems were related to slave-based plantation agriculture. Real political power remained with large rural landholders, who formed the core of the social and economic elite of Brazil. Industrialization was still economically insignificant, and, with the decline of gold mining, agriculture was un-

Prestige and progress under Pedro II

Slavery

The regency of Dom Pedro

The first years of independence

Arrival of Dom João in 1808

rivalled as the source of Brazil's wealth. Cotton, and increasingly coffee, cultivated by slave labour, competed with sugar as the leading export crop. The rural landholders were largely insulated from the antislavery current of the times. Although manumission was common, and the number of freedmen and their descendants far surpassed the number of slaves in Brazil, the slaveowners as a group resisted pressures for the complete abolition of slavery. Partly as a result of pressure from Great Britain, Brazil had agreed to abolish the slave trade in 1831, but it was not until 1853 that slave traffic completely ceased. Agitation to abolish slavery as such began in the 1860s. Pedro was opposed to slavery, but he had to reckon with the slaveowners. In 1871 a bill for gradual emancipation was passed by Parliament. The importance of this act lay in the provision that, henceforth, all children born of slave mothers should be free. But this concession did not satisfy many of the abolitionists, who, led by a young lawyer and writer, Joaquim Nabuco de Araújo demanded immediate and complete abolition. Nabuco's book *O Abolicionismo* (1883) endeavoured to prove that slavery was poisoning the very life of the nation. In 1884 Ceará and Amazonas freed their slaves; in 1885 all slaves over 60 years of age were liberated. Finally, complete emancipation without compensation to the owners was decreed by the Princess Regent in the absence of the Emperor on May 13, 1888. About 700,000 slaves were freed.

*The collapse of the empire.* Under Pedro II's wise guidance Brazil had made very real progress. His rule witnessed a growth in population from 4,000,000 to 14,000,000, a fourteenfold increase in public revenues, and a tenfold increase in the value of the products of the Empire. Railroad mileage in 1889 exceeded 5,000 miles (8,000 kilometres); that year more than 100,000 immigrants came to Brazil. Yet there were grave causes of dissatisfaction. Propaganda in favour of a republic, launched in 1871, had gained many recruits. The great landowners, who had lost their slaves without compensation, withdrew their support from the monarchy. The clergy had been antagonized by the punishment of several recalcitrant bishops. Isabel, the heiress to the throne, and her husband, the Conde d'Eu, were unpopular. Most serious, important elements in the army, which had become a political force after 1870, turned against the Emperor, largely because Pedro insisted that they stay out of politics. A conspiracy was hatched by these disgruntled military elements, and on November 15, 1889, a revolt of part of the army was the signal for the collapse of the empire. Pedro formally abdicated and, with his family, was banished to Europe.

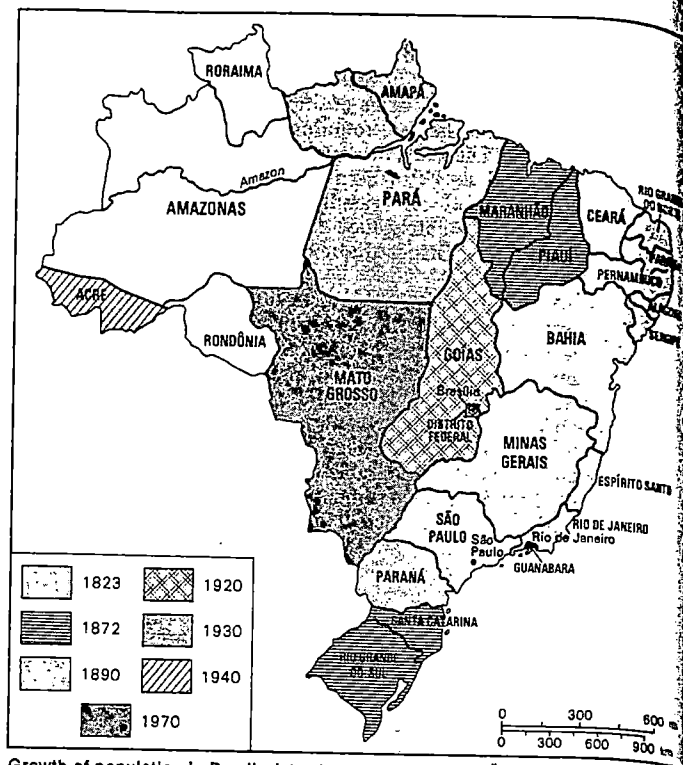
#### BRAZIL SINCE 1889

Military  
autocracy

**The early republican period.** For the next 14 months Brazil was ruled by a military autocracy in which Marshal Deodoro da Fonseca, as chief of the provisional government, was virtually supreme. Decisions of great importance were reached. Church and state were separated, civil marriage was introduced, and a constituent assembly was summoned, which adopted in 1891 a constitution modelled closely on that of the United States.

*The presidencies.* As president, Deodoro da Fonseca employed the same dictatorial methods that he had followed as head of the provisional regime. On November 3, 1891, he forcibly dissolved Congress and proclaimed himself dictator. But opposition was so widespread that on November 23 he resigned in favour of the vice president, Marshal Floriano Peixoto. But Peixoto differed little in his methods from his predecessor. Of the meaning of constitutionalism in the strict sense, he had scant understanding. Growing opposition finally culminated in 1893 in a naval revolt and military uprising that lasted until the following year and were put down only with the greatest difficulty.

The advent of a civilian as president was hailed with undisguised relief. Prudente de Moraes, who assumed office in 1894, was a distinguished lawyer of São Paulo and a republican of long standing. Though his intentions were excellent and his ability and honesty unquestioned,



Growth of population in Brazil: dates by which the states had achieved a population density of more than two persons per square mile.

Adapted from A.C. Wilgus, *Latin America in Maps* (1943); Barnes and Noble, Inc.

his administration was rendered largely sterile through the opposition of the disgruntled military elements and the necessity of putting down a rebellion in the hinterland of Bahia. His successor, Manuel Ferraz de Campos Sales (1898–1902), former president of the State of São Paulo, is chiefly remembered for his striking success in saving Brazil from the financial collapse threatened by the orgy of extravagance, inflated currency, and speculation, which had followed the overthrow of the monarchy. While still president-elect, Campos Sales in 1898 negotiated through the Rothschilds a funding loan of £10,000,000, interest on which was to be suspended for three years and amortization payments for ten. Because of the able and economical administration of Campos Sales and the marvelous recuperative power of the country, the credit and finances of Brazil were again placed on a sound foundation. Francisco de Paula Rodrigues Alves (1902–06), likewise a Paulista, is generally regarded as Brazil's ablest civilian president. During his term of office the capital was transformed into one of the world's most beautiful cities. Under the direction of the distinguished physician and scientist Oswaldo Cruz, Rio de Janeiro was completely freed from yellow fever. Some of Brazil's most thorny boundary controversies were settled during the presidencies of Campos Sales and Rodrigues Alves by the able minister of foreign affairs, José Maria de Silva Paranhos, barão de Rio Branco.

President Afonso Pena (served 1906–09) took an important step toward the stabilization of the exchange through the creation of the so-called Caixa de Conversão, or Bank of Conversion, whose function was to redeem inconvertible paper currency by the issue of convertible notes secured through the deposit of gold. This project had to be abandoned on the outbreak of World War I. Pena died in 1909 and was succeeded by the vice president, Nilo Peçanha. In the campaign of 1910 the official candidate, Marshal Hermes da Fonseca, nephew of Deodoro da Fonseca, was opposed by Rui Barbosa, a noted lawyer and publicist. Though the conviction was general that Barbosa had received a majority of the votes cast, the official machine easily secured the election of Hermes da Fonseca, during whose administration (1910–14) the high standards set by the first three civilian executives were largely abandoned.

The develop-  
ment  
of Rio de  
Janeiro

*World War I and its aftermath.* A change for the better came with the election of Wenceslau Brás (served 1914–18), a former governor of Minas Gerais. His administration was closely associated with Brazil's reaction to and participation in World War I. The sympathies of most Brazilians inclined toward the Allies. On April 11, 1917, Brazil broke off relations with Germany following the torpedoing of the steamer "Paraná" off France. On June 1 Brazil revoked its decree of neutrality in the war as a mark of continental solidarity and friendship with the United States. On October 26, following the sinking of more Brazilian ships, Brazil declared war on Germany. Brazil's participation in the war was confined to the dispatch of a part of its fleet to European waters and the sending of a medical mission and a number of aviators to the Western Front. Its chief contribution was the placing of its food supplies and other resources unreservedly at the disposal of the Allies. Brazil participated in the peace conference and was given a temporary seat on the Council of the League of Nations.

In the election of 1918 a precedent was established by the re-election of Rodrigues Alves. He was too ill to accept office, however, and died on January 18, 1919. In April, Epitácio Pessoa, a lawyer of note and head of the Brazilian delegation at the Versailles conference, was elected. His presidency, coinciding with a wave of post-war prosperity, was an era of reckless expenditure accompanied by an immense increase in both the internal and foreign debt. Large sums were absorbed by the Brazilian centenary exposition, which was celebrated in 1922. The presidency of Artur Bernardes (served 1922–26) was beset with difficulties. The collapse of the boom found Brazil in financial extremities, and the new executive endeavoured to carry out a policy of strict economy: governmental expenses were cut down, costly public works were postponed, and new sources of revenue, such as the income tax, were created. The success of this program of retrenchment and reform was compromised by a dangerous flareup of militarism. In the closing weeks of Pessoa's administration a military group made a desperate but fruitless attempt to prevent Bernardes' inauguration. Another revolt was launched in July 1924 at São Paulo city. This, too, was suppressed, but only after heavy loss of life and much property damage. In 1926 Washington Luís, minister of justice in the two preceding administrations, was elected president without a contest.

The shift from empire to republic produced little immediate change in Brazil's basic political or social institutions. Under the constitution of 1891, state and municipal governments were granted somewhat greater freedom from central control, with a consequent increase in the power of local bosses. But no significant new elements were added to the political spectrum, and the bulk of the population remained outside the political process. Rural landholders, particularly in the States of São Paulo and Minas Gerais, adjusted to the loss of slave labour and retained their pre-eminence. In São Paulo massive immigration from the Mediterranean area before World War I provided a new source of rural labour for the expanding coffee industry. By the late 19th century, coffee had become the outstanding export crop and source of government revenue. Diversification of agriculture and the expansion and diversification of the mining industry provided economic stimulus in Minas Gerais. The old areas of Bahia and Pernambuco gradually declined in political significance and were eventually replaced by the increasingly important state of Rio Grande do Sul, but the latter did not challenge the political hegemony of the central states until 1930. Thus, economic and political power was concentrated in São Paulo and Minas Gerais during the first four decades of the republic, and national policies usually reflected the interests of those states.

The principal new factor was the political role of the military. After 1889 the armed forces asserted their claim as guarantors of the constitutional process and served usually as a check upon the civilian administrations. The military also provided the leadership of occasional protest movements. The first stirrings of social unrest and vaguely expressed demands for a modification of the in-

stitutional patterns of the republic were voiced by young military officers, the *tenentes*, in the mid-1920s; the movement they headed culminated in the revolution of 1930, which marked the end of the so-called old republic and the beginning of a new era.

*The Vargas era.* When the administration-sponsored presidential candidate was officially declared winner in the 1930 election, a revolt broke out. This successful rebellion was led by Getúlio Vargas, governor of the state of Rio Grande do Sul, who was to remain central in Brazilian national life until his suicide in 1954.

Vargas held office as chief executive on two occasions, 1930–45 and 1951–54. Early in the first of these periods, the country's difficulties were essentially economic, accentuated by a policy of subsidizing coffee production, and the tremendous powers of the states served as steady irritants to the country. In 1934 a new constitution gave the central government greater powers. Three years later, President Vargas suddenly seized practically absolute power and set up still another constitution, under which he continued as president. The new administration, known as the *Estado Novo* (New State), so concentrated power in Vargas' hands that he was able to suppress all manifestations of popular will. Vargas stripped Brazil of most of the trappings through which it might eventually hope to become a democracy. On the other hand, considerable social legislation was enacted, with positive benefits to the labouring man.

Vargas' policy concentrated upon curtailment of states' rights, emphasis on nationalism, and the transfer of the locus of power from the country to the city. The states were increasingly subordinated to the central government, politically, economically, and socially. The ruinous coffee policies of the past were discarded, manufacturing was advanced, and the diversification of agriculture was encouraged.

After the outbreak of World War II in 1939, Vargas' government supported inter-American solidarity; on August 22, 1942, it declared war against Germany and Italy. Besides participating in the defense of the South Atlantic against Axis submarines, Brazil sent an expeditionary force to Italy in July 1944 that distinguished itself in several battles. Brazil also allowed the United States to use certain Brazilian naval and air bases during the war. A number of agreements were signed between the two governments for the economic development and production of Brazilian raw materials.

**Return to representative government.** On October 29, 1945, Vargas was overthrown in a bloodless revolution. When it appeared that the President intended to continue indefinitely in power, a group of high army officers forced him to resign, transferring the government to Chief Justice José Linhares on an interim basis.

*Dutra and Vargas.* On December 2, 1945, Gen. Eurico Gaspar Dutra, the former war minister and a loyal friend of Vargas, was elected to a five-year term as president. In September 1946 a constituent assembly at Rio de Janeiro adopted a new constitution, which confirmed and strengthened the civil and personal liberties and the multiparty system of representative democracy that had taken effect after the overthrow of Vargas. As was customary in Brazilian constitutions, it recognized the armed forces as permanent national institutions and the guarantors of constitutional powers.

Dutra showed a sincere determination to govern the country in harmony with the measures of the new constitution. He outlawed the Communist Party as an undemocratic, foreign-based organization in May 1947 but did not otherwise interfere with the free play of political expression or political party activities. Major accomplishments of the Dutra administration included the Paulo Afonso Dam on the São Francisco River, to provide electric power to northeastern Brazil, and the opening of an all-weather highway linking that region with the industrial zones of Minas Gerais and São Paulo.

The general elections of 1950 resulted in a substantial victory for Vargas. While he failed to secure a clear majority in the four-way race, he polled 1,500,000 more votes than the runner-up and nearly as many as the com-

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bined total for the three rival candidates. Accordingly, despite serious reservations by the military leaders who had deposed him in 1945, he was installed in the presidency once more on January 31, 1951. During his second period in power, Vargas was unable to dominate the political forces of the country or to exploit social and economic trends to his advantage; he endeavoured to abide by the constitution of 1946 and was criticized in some quarters for weak leadership. Lacking a firm majority in the Congress, he could neither enact his own program nor resist the contradictory pressures of his supporters and opponents. The most serious continuing problem was economic. Brazilians were agreed upon the need for more rapid industrial development and measures to ameliorate the effects of gradual monetary inflation, which persisted as government expenditures consistently outran revenues. Vargas maintained a precarious balance between the advocates of greater state intervention in the economy and those who insisted upon a favourable climate for domestic and foreign private investment. The situation was complicated by the simultaneous emotional, antiforeign campaign to nationalize the natural resources of the country. The campaign culminated in the creation of the national petroleum corporation, Petrobrás, in 1953.

Vargas' suicide

For three years Vargas' popularity largely protected him from attack by political adversaries, who directed their criticism against members of his administration. João Goulart, Vargas' young protégé and vice president of the Brazilian Labour Party (PTB), who became minister of labour in 1953, was accused of using his office to transform organized labour into a political machine loyal to Vargas. His sponsorship of a decree doubling the minimum wage, thus strengthening labour-administration ties and contributing to the inflationary spiral, led to his dismissal in 1954. A series of crises followed, climaxed on August 5, 1954, by the murder of an air force officer and the attempted assassination of opposition newspaper editor Carlos Lacerda. Investigation revealed that the assassins had been hired by the President's personal guard. The exposure of widespread corruption within the administration caused a wave of revulsion against the former dictator. A group of army officers presented Vargas with a demand for his resignation; Vargas complied on August 24, 1954, and later that day committed suicide.

*Kubitschek's administration.* Vice president João Café Filho served out the remainder of Vargas' term. His Cabinet included military leaders who had been instrumental in removing Vargas and civilian moderates who generally favoured political democracy, limited social change, and an orthodox approach to economic ills. Marshal Teixeira Lott, a highly respected professional soldier not identified with any political group, was made war minister. Much of the Café Filho administration was occupied by preparations for the presidential election of October 3, 1955. After the failure of attempts to find a single candidate around whom all major political parties might rally, three strong candidates for the presidency emerged: former Minas Gerais state governor Juscelino Kubitschek de Oliveira, popularly regarded as Vargas' political heir; former São Paulo state governor Ademar de Barros, with broad backing from financial and commercial groups; and Marshal Juárez Távora, considered as the representative of conservative military and civilian groups. In the 1955 election Kubitschek was the victor with slightly more than one third of the total vote, Távora ran a close second, and Barros was a somewhat more distant third; in the separate vice-presidential election, João Goulart won with a large plurality. The election was widely interpreted as a popular vindication of the Vargas position. The illegal but active Communist Party, which had thrown its unsolicited support to Kubitschek, claimed to have provided his margin of victory. Rumours of a Café Filho administration plot to use unconstitutional means to prevent the inauguration of Kubitschek and Goulart were not proved, but the conservative press—which regarded Kubitschek as a dangerous radical—added to the tension. President Café Filho

suffered a mild heart attack and on November 8, 1955, transferred power temporarily to his constitutional successor, Carlos Luz, speaker of the Chamber of Deputies. The following day Luz indicated that he would dismiss Marshal Lott to resolve a conflict of authority between the executive and the war minister. This was interpreted by Kubitschek's backers as the signal for a coup d'état by anti-Kubitschek forces. On November 11, 1955, War Minister Lott and Marshal Odílio Denys, commander of army troops in Rio de Janeiro, staged a "countercoup" to guarantee Kubitschek's inauguration. Luz was deposed, his constitutional successor, Sen. Nereu de Oliveira Ramos, was installed as interim president under a state of siege, and Lott remained as war minister and the strongest figure in the government. Kubitschek and Goulart took office as scheduled and without incident on January 31, 1956.

During his term of office Kubitschek encouraged the widespread spirit of nationalism, appealing to the popular demand for economic development and to the belief that Brazil was destined to become a great power among the nations of the world. Kubitschek felt that the national government should play a vital role in economic areas unattractive to private capital; thus, his administration undertook ambitious developmental programs for the construction of interregional highways and vast hydroelectric power projects, the expansion of iron, steel, petroleum, and coal production, and assistance to the rapidly growing private industrial sector. Perhaps his outstanding accomplishment was the construction of Brasília on an inland plateau 580 miles (930 kilometres) northwest of Rio de Janeiro. Although not yet completed, Brasília was dedicated as the official capital of Brazil on April 21, 1960. The purpose of Brasília was to focus the attention of Brazilians on the interior of the country and to hasten settlement of the region and the development of its largely untapped resources. The new capital was denounced by residents of Rio de Janeiro, but Brazilians elsewhere generally regarded it as a symbol of the nation's future greatness. In inter-American relations, the Kubitschek administration proposed the adoption of Operation Pan America, a cooperative program for the economic development of Latin America, which foreshadowed the Alliance for Progress.

The great material progress during the Kubitschek period was achieved at a high cost in terms of inflation and repeated foreign borrowing. The cost of living and the volume of currency in circulation tripled between 1956 and 1961, while Brazil's large foreign debt nearly doubled. The gross national product rose to unprecedented levels, but living standards for much of the population remained stationary or actually declined. At the same time, indications of large-scale graft and favouritism in public office disturbed even the normally tolerant Brazilian electorate.

*Quadros and Goulart.* This situation was debated in the electoral campaign of 1960. Again there were three candidates for the presidency: Marshal Teixeira Lott who had served as Kubitschek's war minister for more than four years; Jânio Quadros, the unorthodox former governor of São Paulo and at that time congressman from the State of Paraná; and Adhemar de Barros, then mayor of the city of São Paulo. It was soon clearly a race between Lott and Quadros. Lott received official backing and campaigned on the Kubitschek record. Quadros, who was not a regular member of any political party was supported by the largest conservative party, the National Democratic Union (UDN), and a heterogeneous grouping of lesser political factions. With a new broom as his symbol, Quadros caught the public's imagination as the candidate of the common man. He promised a scrupulously honest administration, curbs on inflation, effective economic development, dignity for the individual, and an aggressively "independent" foreign policy. Goulart was once more a candidate for the vice-presidency. At the polls on October 3, 1960, Quadros won election with a plurality of 48 percent of the popular vote. He received more than 5,600,000 votes, the largest number ever cast for a presidential candidate in Brazil.

Spread of nationalism

Goulart, a political enemy of Quadros, won a narrow victory in the vice presidential race, polling slightly more than 4,000,000 votes. Quadros and Goulart were inaugurated on January 31, 1961.

The election of Quadros was hailed as a revolution by ballot. For the first time in three decades, anti-Vargas political groups controlled the presidency. Quadros took office in an atmosphere of popular expectation, but almost immediately he encountered resistance from the Congress, where parties loyal to the Vargas tradition still commanded a large majority. Quadros' arbitrary and autocratic manner, which soon alienated many of his former adherents, further reduced the possibility of enacting a meaningful reform program or effective measures to retard inflation. In foreign affairs Quadros was more successful; his foreign policy, which was applauded by ultranationalists and deplored by moderates, seemed designed to move Brazil toward neutralist nations and away from the traditional ties with the United States. He opposed any inter-American action to censure the Castro regime in Cuba and initiated proceedings to resume or establish diplomatic and commercial relations with the Soviet Union and its European satellites. On August 25, 1961, after less than seven months in office, Quadros resigned unexpectedly, alleging that "terrible forces" had deterred him. The congress promptly installed Pascoal Ranieri Mazzilli, speaker of the Chamber of Deputies, as temporary president. Vice president João Goulart, the constitutional successor, was then en route home from a state visit to China.

Brazil stood at the brink of civil war. Many military commanders and conservatives regarded Goulart as too radical to be entrusted with the nation's highest office, while the great majority of civilian political leaders upheld his constitutional right to the presidency. War Minister Odílio Denys now emerged as the chief spokesman of the anti-Goulart forces, demanding that the Congress declare the office of vice president vacant and hold new elections. The Congress refused. In southern Brazil the commanders of the powerful army and air force units defied orders from the capital and sided with Goulart. Goulart arrived in Porto Alegre, insisting that he was already president of Brazil. Faced with the imminent prospect of armed conflict, the Congress and the anti-Goulart group in the military agreed upon a compromise solution: that Goulart be allowed to take office, but only as a figurehead. On September 2, 1961, the parliamentary system of government was adopted by constitutional amendment; most presidential powers were transferred to the newly created post of prime minister. Provision was made for a national plebiscite on the parliamentary experiment before the end of the presidential term. Goulart accepted these conditions and was formally confirmed as president on September 7, 1961.

Once the immediate crisis of the presidential succession was settled, the political parties resumed debate on pressing national issues but postponed significant legislation pending the outcome of congressional elections in October 1962. When these failed to indicate a clear mandate for or against the administration's reform proposals, the opponents of parliamentarianism, led by Goulart, demanded a quick return to presidential rule. On January 6, 1963, a national plebiscite by a margin of more than five to one gave Goulart full presidential powers. Goulart was unable to secure majority support for his legislative program, however, and repeated Cabinet changes and new plans for economic and social development did nothing to restrict inflation and soaring living costs, which reached alarming proportions under Goulart. During the two and one-half years of his administration, there was a tenfold drop in the dollar value of the currency, the cost of living tripled, and the growth of the gross national product, which had been rising by 6 to 7 percent yearly, was brought to a complete halt.

**Military intervention.** As the situation grew more desperate, cooperation between the regime and its critics became more difficult. The administration identified itself increasingly with the ultranationalistic left, while most of the military officer corps sympathized with the moderate

and conservative opposition. Goulart surrounded himself with left-wing advisers. He sought to neutralize the armed forces by frequent command changes and by developing a personal following among noncommissioned officers and enlisted personnel. After failing to obtain authorization for a state of siege, which would have enhanced his powers, Goulart appealed directly to the people for support. At a mass rally in Rio de Janeiro in March 1964, he instituted a controversial agrarian reform and nationalized certain privately owned oil refineries. Many military officers and opposition political leaders had already become convinced that Goulart was seeking to establish a dictatorship of the left. During 1963 active plotting began among separate civilian and military groups in different parts of the country. Gov. José de Magalhães Pinto of Minas Gerais state and Marshal Humberto de Alencar Castelo Branco, chief of staff of the army, emerged as the chief coordinators of the conspiracy. An attempt was made to find a formula to prevent a coup d'état by the President and still permit him to complete his term in office. At the same time, plans were made to overthrow the regime if necessary. The administration's refusal to suppress a strike by naval enlisted men in late March 1964 was regarded by the opposition as intolerable, for military authority and discipline were considered the last check on Goulart's alleged ambitions. On March 31, 1964, Magalhães Pinto proclaimed a revolution against the government by the civil and military forces in Minas Gerais; the following day he was joined by the political leaders of the States of São Paulo and Guanabara and by the armed forces throughout most of Brazil. On April 2 Goulart fled into exile and two days later he reached Uruguay. The Congress declared his office vacant and designated Mazzilli as interim president until a successor could be chosen to serve out the remainder of term.

**Castelo Branco's administration.** With the fall of Goulart, real power passed to the leaders of the revolution, who instituted sweeping political changes. The revolutionary commanders set out to restore economic and financial order, to eliminate what the generals claimed was "Communist infiltration," and to purge corrupt and subversive elements. At the same time they desired to retain a modified form of representative government. On April 9, 1964, these goals were combined in the First Institutional Act, a modification of the 1946 constitution. The executive was granted temporary authority to cancel the mandates of elected officials, to dismiss public servants, and to revoke for ten years the political rights of those found guilty of subversion or misuse of public funds.

During the six months these provisions were in effect, thousands were arrested, and hundreds of persons—including union and government officials and former presidents Goulart, Quadros, and Kubitschek—were deprived of political rights. The Congress was retained as a legislative body with power to debate and amend but not reject proposals submitted to it by the executive. On April 11, 1964, Castelo Branco was elected president by the Congress. José Maria Alkmin, finance minister under Kubitschek, was chosen as vice president. On July 22 the Congress extended the terms of Castelo Branco and Alkmin to March 15, 1967.

Castelo Branco's extended term was regarded by the revolutionaries as a transition period during which sweeping political and economic reforms should be enacted before the nation could again be entrusted to a popularly elected government. It was generally agreed by the new leaders that such alleged shortcomings of the political process as the multiplicity of small, regional, and personalist parties, opportunistic electoral coalitions, and the separate election of president and vice president must be corrected, but they were divided over the best means to attain these ends. The President's determination to achieve reform by legislation, while permitting normal political activities and full freedom of expression by critics of the regime, was challenged by civilian and military extremists who called for dissolution of Congress, abolition of political parties, and suspension of all par-

Opposition  
to Goulart

The First  
Institutional Act

tisan activities until the revolutionary regime had enough time to consolidate its power.

The test came in October 1965, when gubernatorial elections were held in 11 states and opposition candidates were elected by substantial majorities in the key states of Minas Gerais and Guanabara. The extremists interpreted the results as a great setback for the revolutionary government. Accusing Castelo Branco of not pressing the revolutionary reform program with enough vigour, they blamed him for the defeat of their candidates and demanded that he annul the two elections. When he refused to comply with their demands, they plotted a coup d'état. At this point, Marshal Artur da Costa e Silva, the minister of war, intervened and persuaded the dissident leaders to keep the peace in return for Castelo Branco's promise to take stronger measures to enact the revolutionary reform program.

Emer-  
gency  
measures

On October 27, 1965, Castelo Branco signed the Second Institutional Act, which suspended all existing political parties, restored the president's emergency powers for the remainder of his term, and set October 3, 1966, as the date for new presidential elections. An artificial two-party system was imposed upon the country. The new political parties were the Aliança Renovadora Nacional (or National Renewal Alliance, called Arena), sponsored by the government, and an opposition party, the Movimento Democrático Brasileiro (or Brazilian Democratic Movement; MDB). A third party was theoretically possible, but as a practical matter all active political factions were required to function within those two parties. Arena soon attracted a heterogeneous grouping of pro-administration elements, while the MDB came to be composed largely of former followers of Goulart and of politicians who had broken with the revolutionary regime. Neither party enjoyed strong grass-roots support. Because the president was elected by the Arena-dominated Congress, the MDB refused to nominate candidates. The administration candidates, Costa e Silva and Pedro Aleixo, the minister of education, were elected.

Constitu-  
tion  
of 1967

Castelo Branco in December 1966 called an extraordinary session of Congress to approve a new constitution drafted by a government-appointed commission. The new document, promulgated on January 24, 1967, incorporated much of the revolutionary reform program and confirmed the expansion of the power of the executive and of the central government. Important changes included the indirect election of the president and vice president from a single ticket; reduction of the presidential term from five to four years; the use of military courts to judge civilians charged with violation of national security laws; the granting of authority to the president to issue emergency decrees without consulting Congress; and denial to the Congress of the right to delay action on legislation requested by the executive.

The Castelo Branco administration engaged in unprecedented economic planning in order to contain inflation and to revive the flagging economy. It employed emergency powers to limit and regulate sources of credit, to restructure the tax system and collection procedures, and to impose wage and salary controls. These measures affected all sectors of society but bore most heavily on urban labour and white-collar workers, whose real income was held below the rising cost of living. The adverse effects were partially offset by tax incentives to encourage increased industrial and agricultural productivity. At the same time the government poured substantial investments into electric power and transportation to provide for continued orderly economic development. Although the administration did not achieve all of its goals, Brazil's credit rating abroad was firmly re-established, the annual rise in living costs fell from 86 percent in 1964 to 41 percent in 1966, and the increase in the gross national product rose significantly. With the exception of labour, every major sector of the Brazilian economy was on the upswing when Castelo Branco left office.

*Administrations of Costa e Silva, Médici, and Geisel.* Costa e Silva promised to humanize the revolution, and it was widely expected that he would soon relax the more severe political and economic policies. Yet he did not de-

part markedly from the course set by his predecessor. His administration rejected petitions for a general amnesty, resisted all proposals to amend the new constitution to restore direct elections, quashed attempts to form a second opposition party, and forcefully suppressed student disturbances. More serious political opposition, however, was muted in part by the government's achievements in the economic field.

The political situation deteriorated rapidly late in 1968. Faced with a resurgence of public and congressional criticism, Costa e Silva, under strong pressure from the armed forces, seized emergency powers. The Fifth Institutional Act issued on December 13 suspended all legislative bodies indefinitely, authorized the executive to rule by decree, and provided the legal basis for a new purge of outstanding political critics.

When in August 1969 Costa e Silva suffered a paralytic stroke, the government was taken over by the three armed forces ministers, who held power till October when the government selected Gen. Emílio Garrastazú Médici as the new president. Elections for federal and state senators and deputies and municipal officials in November 1970 showed a clear victory for Médici and the Arena party. Disturbances continued, however, through 1970 and 1971, kidnapping of foreign consular and diplomatic officials being added to the arsenal of the dissidents.

Médici in 1971 presented the First National Development Plan, which was aimed at 8 to 10 percent annual economic growth and per capita income of at least \$500 (U.S.) per year (in 1972 it was estimated to be \$400). Development of the Northeast and the Amazon area, especially by means of a program of road construction and one of redistribution of land, was also planned.

In August 1973 a bill creating the electoral college that from 1974 onward would elect the president and vice president became law. In September the national convention of the Arena party selected as its candidates for president and vice president, respectively, Gen. Ernesto Geisel, a chief executive of the government-owned petroleum company, Petrobrás, and Gen. Adalberto Pereira dos Santos. They were duly elected by the electoral college on January 15, 1974.

The 10th anniversary of the revolution was celebrated by lifting the prohibition on political activities of 106 leaders of the former regime, among them Kubitschek, Quadros, and Goulart. The Fifth Institutional Act, however, remained in force. A surprising victory for the MDB in the congressional elections in November 1974, in which the opposition gained 20 seats in the Senate, was not repeated in the municipal elections of November 1976.

In April 1977 President Geisel dismissed Congress when it failed to pass judicial reforms that he had requested. Under the emergency powers of the Fifth Institutional Act, Geisel then issued decrees instituting those reforms and other electoral and constitutional changes. Among these were provisions for the indirect election of state governors and one-third of the federal senators and the increase of the presidential term to six years. The number of members of the Chamber of Deputies was to be based on the total population of the states instead of on the number of registered voters, and constitutional amendment could be effected by an absolute majority of Congress rather than the two-thirds vote of two successive sessions formerly required.

Brazil's phenomenal rate of economic growth in these years—the gross national product of 1973 was nearly double that of 1964—was halted by the petroleum crisis of 1973–74. Because the country imported 70 to 80 percent of its oil, the trade deficit had risen to \$6,000,000,000 by the end of 1976 and inflation had reached an annual rate of 45 percent. A stringent program to reduce government spending and imports and to increase exports was introduced in 1977.

**Social and political changes after 1945.** In certain respects, the phase of Brazilian political history that began with the overthrow of the Estado Novo and the election of a president and Congress responsible to the electorate ended with the revolution of 1964. The latter event dispelled any lingering doubts that the armed forces were

Growing  
opposition

the strongest political organization in Brazil. The ease with which military leaders assumed and retained power clearly revealed the failure of the postwar political parties to develop into cohesive national bodies capable of winning the respect and allegiance of the voting public and of resolving the critical problems of economic development and social justice. Charges made by the right-wing opposition of the ineffectiveness of populist civilian administrations in the early 1960s paved the way for the retreat after 1964 to paternalistic rule by a narrow elite.

Yet, in a deeper sense, fundamental economic and social trends encouraged by the Vargas regime after 1930 were only slightly modified by the representative governments after 1945 or by the revolutionary governments after 1964. The fact that the political forces that had just regained freedom of expression in 1945 were unanimously agreed upon the need for a new national charter dramatically illustrated their awareness that a return to the pre-1930 status quo was impossible. While the constitution of 1946 borrowed heavily from that of 1891 in certain exterior forms, a comparison of the two charters reveals the nature and extent of the socio-economic transformation that Brazil experienced after 1930. The constitution of 1891, despite its positivist trappings, was essentially a 19th-century liberal document that stressed the rights of the individual and of state governments as opposed to the national administration. The constitution of 1946 largely reaffirmed Vargas' concentration of power in the central government and acknowledged the federal responsibility for maintaining and fostering economic development and social welfare programs. These trends were accelerated under the military rulers in the new national charter of 1967.

*Rural and urban developments.* The changes that began in 1930 reflect basic socio-economic developments, such as population growth and an increase in urbanization and in participation in the political process, which gave new dimensions and added complexity to Brazilian politics. In 1930 Brazil had a population of about 33,500,000, of whom at least three-fourths were rural and illiterate, hence could not vote. By 1945 the population had risen to about 46,000,000; two-thirds of these were rural and largely outside the political arena. In 1964 the population surpassed 80,000,000 and was divided equally between rural and urban inhabitants; the proportion of literates was also about 50 percent, but at least half of these were under voting age. By the time of the election of 1974, the population had reached almost 105,000,000, of which 56 percent was urban. Attendance at the polls rose to 80 percent of the total of 36,000,000 registered voters. It appeared certain that the bulk of the voters enfranchised after 1930 belonged to the urban working class and government bureaucracy.

With the formation of government-directed trade unions in the 1930s, a politically conscious urban proletariat developed. This did not, however, signify the emergence of a true labour-based political movement or an authentic labour party. Leadership of this new political force was contested by the traditional elite, principally landowners and large merchants, and by a new middle class composed of industrial, commercial, and professional persons who had gained elite status. The governments after 1964 continued to control labour organizations in an effort to gain labour support while discouraging the formation of a potentially dissident labour movement.

Before 1966 the new middle class, which had not yet acquired a strong enough sense of class consciousness to regard itself as a distinct social element, did not seek a unified political expression. Rather, it vied with the traditional ruling groups for control of existing political organizations. Members of both groups were found in the leadership of virtually every party for two decades after 1945, although urban-oriented parties grew consistently at the expense of more traditional, rural-based parties. By and large the middle class endorsed the revolution of 1964, but many of its political spokesmen later broke with the revolutionary regime, and middle class political leaders were found in each of the new political parties created in 1965.

Extension of the franchise to illiterates would greatly enlarge the size of the electorate and increase the influence of the lower class on Brazilian politics. It would also enhance the political power of rural society at the expense of the city dwellers. But even though about 59 percent of the rural population was still unable to read and write in the early 1970s and was therefore still denied the vote, the political consciousness of the peasantry had been awakened. Through illegal peasant leagues, founded in the late 1950s, and legitimate rural unions, which were authorized in 1962, many peasants were able for the first time to make their needs known to the political leaders. Before the revolution of 1964, the Communists, a few clergymen, and members of nearly all legal parties were competing for the allegiance of the rural masses, appealing to their demands for social justice and higher standards of living. Although most peasant organizations were abolished and many agitators were jailed or exiled after 1964, limited measures were enacted by the federal government to assuage rural unrest. The peasantry remains potentially the most powerful political force in Brazil.

*The church.* After 1964 the Roman Catholic Church in Brazil, as one of the few effective institutions organized nationwide, was drawn into the partial political vacuum caused by the purge of populist civilian leaders and the abolition of established political parties. Several bishops led the secular and regular clergy in denouncing the government's apparent indifference to the vast inequities in Brazilian society. Clerics also served as champions of the right of dissent, and by the late 1960s the church had become a rallying point for political opposition.

*The armed forces.* The armed forces, final arbiters of the political process in Brazil, were neither blind nor indifferent to the objectives of the new groups that entered the political scene after 1945. The traditional alliance of the military forces and conservative rural landholders had long since been replaced by an informal similarity of views between military officers and urban middle class sectors. The armed services consistently defended centralized government, rapid industrialization, and the development of an efficient, organized labour force. They were quick, however, to resent the exploitation of organized labour by political leftists as a counterweight to the political influence of the military officers. Between 1945 and 1964 no single political party was able to elect a president or a majority in Congress. Because this situation encouraged political irresponsibility, the armed forces, always at the behest of civilian political elements, intervened on four occasions to protect national institutions against what they considered to be civilian incompetence. Beginning in 1964, military leaders initiated a major revision of the political system, which, in their view, would make it impossible for men who placed partisan before national interest to come to power.

**BIBLIOGRAPHY.** E. BRADFORD BURNS (ed.), *A Documentary History of Brazil* (1966), excerpts from historical documents from between 1595 and 1964, translated into English—an indispensable work because of the original information it gives; JOSE HONORIO RODRIGUES, *Aspirações Nacionais*, 4th rev. ed. (1970; Eng. trans., *The Brazilians: Their Character and Aspirations*, 1967), a synthesis and interpretation of principal facets of the Brazilian character and of the objectives of the nation; CAIO PRADO, JR., *Formação do Brasil Contemporâneo*, 7th ed. (1963; Eng. trans., *The Colonial Background of Modern Brazil*, 1967), a masterpiece of interpretation of the colonial period; ALAN K. MANCHESTER, *British Preëminence in Brazil, Its Rise and Decline* (1933; reprinted 1964), a study of relations between Great Britain and Brazil, with emphasis on the British influence in Brazil; C.H. HARING, *Empire in Brazil: A New World Experiment with Monarchy* (1958; reprinted 1968), a good introductory book to the imperial period in Brazilian history; JOSE MARIA BELLO, *História da República*, 5th ed. (1964; Eng. trans., *A History of Modern Brazil, 1889-1964*, with a new concluding chapter by ROLLIE E. POPPINO, 1966), a basic work in English dealing with the history of republican Brazil; HENRY W. SPIEGEL, *The Brazilian Economy: Chronic Inflation and Sporadic Industrialization* (1949), an analysis of Brazil's economic problems, with emphasis on the contradictions that plague its structure; THOMAS E. SKIDMORE, *Politics in Brazil, 1930-1964* (1967), the best available study of Brazilian politics for this period.

Rural political power

Influence of the armed forces

June 7, 1991

Tony: Attached are bullets sent over by State for use in the arrival statement and the State Dinner Toast.

1991  
-1822  
179

They are far too long and sprawling.

Here is our brief outline of the themes the President should touch on:

- ✓ Our strong support for democracy in Brazil -- a key bulwark for achieving the world's first hemisphere of democracy;
- Our shared commitments to human liberty, human rights, free markets, the prosperity and welfare of our citizens, and our concern for the environmental legacy we will leave future generations.
- The complexity and variety of our bilateral agenda; our determination to treat the agenda as a challenge and an opportunity, not as an obstacle.
- Our reinvigorated efforts on nuclear and chemical non-proliferation; praise last fall's Foz de Iguacu accord with Argentina.
- Our support for Southern Cone economic integration; our pleasure that we are about to sign a bilateral trade and investment framework agreement.
- Our appreciation for Brazil's strong support for UN resolutions and UN sanctions against Iraq.

*Jim Johnson*



United States Department of State

Washington, D.C. 20520

Date: 7 June 1991

TO: Don Johnson  
NSC Staff - Latin American Affairs

PHONE: 395-6942

FROM: Bernard Aronson  
Assistant Secretary for Inter-American Affairs

PHONE: 202-647-9210

No. of Pages (including cover): 5

REMARKS: Speech points for use in preparing Presidential  
remarks for the Collor state visit. We will have  
to you by Monday some additional color points for the  
speechwriters.

## General/Introductory

- It has been a year and a half since President and Mrs. Collor were last in Washington -- in January 1990, when he came as President-elect. It has been half a year since we met in Brasilia. Much has happened since then; there is much to discuss.
- President Collor is the first directly-elected president to take office in Brazil in 30 years. He is the first in many other things: he is the youngest president of Brazil. He is the first president from the post-World War II generation.
- I was impressed the first time we met -- as I was in our other meetings -- by his energy in tackling his country's toughest problems.
- Brazil is home to great natural wealth and one of the world's most resourceful and inventive peoples. Nevertheless I think it is fair to say that to be the President of Brazil today is one of the world's toughest jobs.
- President Collor's task is to open his vast country to a system of more open markets and less state intervention. In so doing, he must challenge many well-entrenched and traditional ways of doing business.
- His energy is both physical -- he is a serious jogger, as I am -- and mental. He will need this energy for the daunting tasks that he faces -- but we agree that the payoff for Brazil, in terms of genuine economic competition and a better life for her people well justifies the effort.

## Democracy/Human Rights

- We are strongly united by our love of freedom and our shared commitment to democracy.
- A new Congress, elected last fall, has convened in Brasilia. I understand that some of its members differ with you, Mr. President, on your legislative agenda. I have some experience in this. I am sure we could discuss it at some length.
- President Collor has given special emphasis to the protection of human rights. He has joined others in Brazil in raising his voice to protest violence against some of the poorest and most helpless elements of Brazilian society. The President and his administration have made clear that such violence is not to be tolerated, and that those who threaten the rights -- and lives -- of others must be stopped.

### Regional Issues

- The U.S. and Brazil have joined in celebrating the triumph of democracy elsewhere in the hemisphere since our last meeting. The successful presidential elections in Haiti were cause for great satisfaction for all democratic societies in the region.
- We have also shared concerns about possible threats to democracy in the region.
  - o The military coup in Suriname last Christmas Eve was deeply disturbing. Elections three weeks ago promise a return to civilian democratic rule -- but only if the military stay out of the political arena.
  - o We hope Brazil will join us in using its best efforts with the Surinamese authorities to inoculate that country's fragile democracy against military dictatorship.
- We look to Brazil as a major player in this hemisphere, but also as a friend with whom we should work in other key regions. Your strong commercial interests in the Middle East can help encourage peace in that tormented part of the world.

### Non-Proliferation/Technology Transfer

- I am pleased to say that the U.S. and Brazil have come to share a strong dedication to halting the spread of weapons of mass destruction.
- Your bold leadership, along with that of Argentine President Menem, has resulted in a dramatic effort to create a common nuclear policy in South America's two largest countries, to negotiate a joint full-scope safeguards agreement with the International Atomic Energy Agency, and to take steps to bring the Treaty of Tlatelolco into force.
  - o This has put Brazil squarely among the nations committed to eliminating the threat of nuclear conflict. It has further ratified the promise of Brazil's constitution that nuclear energy will be used only for peaceful purposes.
  - o We look forward to the signing of your agreement with the IAEA -- and to seeing full-scope safeguards put into operation. This will allow the U.S. and Brazil's other friends to move ahead with programs of nuclear cooperation with Brazil.

- o We also look forward to Brazil's bringing the Treaty of Tlatelolco into force quickly. Your country's weight and prestige, along with Argentina's, are vital to the success of this non-proliferation treaty covering Latin America.
- o This action would be particularly welcome in the wake of France's announcement of its intention to adhere to the Nuclear Non-Proliferation Treaty.
- We also welcome Brazil's support for efforts to control the proliferation of chemical weapons. I deeply appreciate your message of support for the initiative that I announced on May 13 to push forward on a global chemical weapons convention. I hope Brazil will become an original party to the final agreement.
- In the interim, I welcome steps by your government to ensure that Brazil does not become a source of materials or equipment that others could use for chemical or biological weapons.
- Brazil and the U.S. can also profitably increase our consultation on proliferation of ballistic missiles. This was a central focus of my May 29 Middle East arms limitation proposals. In Europe we have eliminated an entire category of missiles.
- Since my visit to Brasilia in December, our two governments have held talks on wide range of technology transfer issues. These talks have been marked by frankness and candor, which is how good friends should deal with one another. They mark the beginning of a broad dialogue and of steps in building mutual confidence that should be pushed forward. Let us ensure that this process continues, that we not lose momentum, and that tangible results are achieved.

### Trade/Finance

- When he took office in 1990, President Collor announced a program of sweeping economic reform for the Brazilian economy. It aimed to bring near-runaway inflation under control, reduce the role of government in the economy, and to liberalize Brazil's foreign trade system. The U.S. welcomed the Collor Plan and gave it warm endorsement.
- The last 15 months have not been easy. Not all parts of the Collor Plan have met their goals. But let us look at what has been achieved:
  - o President Collor has changed the terms of national debate in Brazil about the role of the state in the economy.
  - o Privatizations of state companies are beginning.

- o Brazil has adopted a more liberal and largely tariff-based system for its foreign trade.
  - o Work is well under way to root out the dead hand of excess regulation which has too long afflicted Brazilian entrepreneurs.
- We sympathize with President Collor's objectives and want to help where we can. The Enterprise for the Americas provides the roadmap for such cooperation -- and I am very pleased to hear that we have just reached agreement on a Trade and Investment Framework Agreement with Brazil and its prospective partners in the planned "Mercosur" common market in South America.
- o This agreement will let us start serious work to open up new opportunities for trade and investment.
  - o It will also give us a practical forum to discuss the emerging Mercosur common market. This bold initiative can complement the EAI, moving the hemisphere towards one, great free trade area.
- President Collor and I agree that a successful Uruguay Round is essential for the creation of a more open global trading system that will generate growth and prosperity for all nations.
- Brazil's coming talks with the IMF and foreign banks offer a major opportunity to begin to normalize relations with the international financial community. Early progress on this front is essential for lifting business confidence in Brazil and for obtaining the private and official capital flows which the country so needs.
- Brazil's friends abroad have an important stake in the success of your efforts and want to help with your liberalization effort.
- Mr. President, we both face pressures at home to spend money we don't have. As politicians, we both understand how difficult it can be to resist such pressures. You have been steadfast in this area. I know you will remain so, since control of government spending remains key to future prosperity -- in both our countries.
- Many issues remain to be talked about and resolved. But know this: we have in Brazil and in President Collor a partner dedicated to promoting economic stability and growth through reliance on the free market and individual initiative.

#### Environment

- Under President Collor Brazil has been a leader in the search for sustainable use of natural resources. The

environmental section of its 1988 Constitution is frequently cited as a model for other nations.

- President Collor has been tireless in raising the appreciation of the Brazilian people for their great natural patrimony. He has shown them through his travels, from the Pantanal -- the world's largest wetlands, in the Far West -- to the Atlantic Rain Forest along the East Coast, the richness of their natural heritage.
- His attention to the environment has gone beyond Brazil's borders, to include a visit to your scientific station in Antarctica. He has set a demanding pace -- so hard that he nearly lost one of your Cabinet ministers in a snow bank trying to keep up with you there.
- Brazil has taken vigorous steps to reduce the burning of forests. Burnings dropped 36% between 1988 and 1989, and another 27% in 1990.
- The recent completion of the world's largest hydroelectric dam, Itaipu, is another example of Brazil's protecting one of nature's treasures -- the world's largest waterfalls at Foz do Iguacu -- in a beautiful national park, while harnessing the river to supply the energy needs of Paraguay and southern Brazil.
- All of us look forward to the landmark United Nations Conference on Environment and Development which will take place in Brazil in 1992. Brazil's offer to host the Conference and its many parallel events -- a task described as the management challenge of the century -- reflects your and your countrymen's commitment to meeting the challenge of managing the environment.
- I am pleased that we are working together to support Brazil's environmental efforts through the Agency for International Development's Global Climate Change program.
- Our bilateral cooperation doesn't stop there. EPA, USDA Forest Service, the Smithsonian, and the US Fish & Wildlife Service all have active, on-going programs with their Brazilian counterparts where our two countries share expertise and learn from each other.

THE STATE VISIT  
TO  
WASHINGTON, D.C.  
OF  
HIS EXCELLENCY  
FERNANDO COLLOR  
PRESIDENT  
OF  
THE FEDERATIVE REPUBLIC OF BRAZIL  
AND  
MRS. COLLOR

JUNE 17 TO 20, 1991

**DRAFT**

*as of 6/13/91  
8:30am*

SUMMARY SCHEDULE

MONDAY  
JUNE 17

- 5:00 pm- Greeted by Deputy Chief of  
5:05 pm Protocol Fitzgerald, Charge  
d'Affaires ad interim Palmiero,  
and Welcoming Committee, Andrews  
Air Force Base, Maryland.
- 5:05 pm- United States Presidential  
5:15 pm Helicopters to Washington  
Monument Grounds Reflecting  
Pool, Washington, D.C.

SUMMARY SCHEDULE

MONDAY  
JUNE 17  
(Continued)

5:15 pm- Greeted by Acting Secretary of  
5:20 pm State and Mrs. Eagleburger and  
Chief of Protocol Reed,  
Washington, Monument Grounds  
Reflecting Pool.

5:25 pm Arrive Blair House.

Private dinner, Blair House.

SUMMARY SCHEDULE

TUESDAY

JUNE 18

8:00 am- Working Breakfast with invited  
9:00 am Members of United States Senate,  
Blair House.\*

10:00 am- Arrival Ceremony with The  
10:20 am President and Mrs. Bush, South  
Lawn, The White House.

10:25 am- Reception with The President and  
10:30 am Mrs. Bush, State Floor, The  
White House.

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10:30 am- Coffee offered by Mrs.  
11:00 am Bush in honor of Mrs.  
Collor, Green Room,  
The White House.

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10:30 am- Meeting with President Bush,  
10:45 am Oval Office, The White House.\*

10:45 am- Expanded Meeting with President  
11:30 am Bush, Cabinet Room, The White  
House.\*

\*Mrs. Collor does not attend.

SUMMARY SCHEDULE

TUESDAY

JUNE 18

(Continued)

- 12:30 pm- Reception and Luncheon offered  
2:00 pm by The Acting Secretary of State  
and Mrs. Eagleburger in honor of  
President and Mrs. Collor,  
Thomas Jefferson Room,  
Department of State.
- 2:30 pm- Meeting with World Bank  
2:45 pm President Conable, Blair House.\*
- 2:50 pm- Meeting with International  
3:05 pm Monetary Fund Managing Director  
Camdessus, Blair House.\*
- 4:30 pm- Address before Washington  
5:30 pm Exchange, Brookings Institution.\*
- 7:15 pm- Refreshments with The President  
7:45 pm and Mrs. Bush, Yellow Oval Room,  
The White House.

\*Mrs. Collor does not attend.

SUMMARY SCHEDULE

TUESDAY  
JUNE 18  
(Continued)

7:45 pm- Reception, State Dinner, and  
10:35 pm After-Dinner Entertainment  
offered by The President and  
Mrs. Bush in honor of President  
and Mrs. Collor, State Floor,  
The White House.

Dress: Black tie.

Overnight: Blair House.

SUMMARY SCHEDULE

WEDNESDAY

JUNE 19

- 8:00 am- Breakfast with invited Members  
9:00 am of United States House of  
Representatives, Blair House.\*
- 9:15 am- Wreath-Laying Ceremony at Tomb  
9:50 am of the Unknown Soldier and visit  
gravesite of President Kennedy,  
Arlington National Cemetery.
- 10:05 am- Greeting Ceremony and Coupe de  
10:30 am Champagne with Secretary General  
Baena Soares, Hall of the  
Americas, Organization of  
American States Building.\*
- 12:30 pm- Luncheon offered by President  
2:00 pm Collor for invited Members of  
United States Congress and  
senior Administration officials,  
Brazilian Ambassador's  
Residence.\*
- 3:30 pm- Meeting with American private  
4:00 pm sector representatives, Blair  
House.\*

\*Mrs. Collor does not attend.

SUMMARY SCHEDULE

WEDNESDAY

JUNE 19

(Continued)

4:00 pm- Meeting with leaders of Jewish  
4:30 pm Community of Washington, Blair  
House.\*

6:30 pm- Reception and Dinner offered by  
9:00 pm International Environmental  
Bureau in honor of President and  
Mrs. Collor, Grand Ballroom,  
Willard Inter-Continental Hotel.

Dress: Business suit.

Overnight: Blair House.

\*Mrs. Collor does not attend.

SUMMARY SCHEDULE

THURSDAY  
JUNE 20

8:00 am- Working Breakfast with Secretary  
9:00 am of the Treasury Brady and  
Federal Reserve Board Chairman  
Greenspan, Blair House.\*

9:25 am- Bid farewell to Blair House  
9:30 am staff, Blair House.

9:40 am- Farewell Ceremony with The  
9:45 am Acting Secretary of State and  
Mrs. Eagleburger, Chief of  
Protocol Reed, and Farewell  
Committee, Washington Monument  
Grounds Reflecting Pool.

9:45 am- United States Presidential  
9:55 am Helicopters to Andrews Air Force  
Base, Maryland.

10:00 am- United States Presidential  
10:55 am Aircraft to La Guardia Airport,  
New York, New York, and resume  
private schedule.

\*Mrs. Collor does not attend.

During the Cruzado plan (March–November 1986), the official cruzado exchange rate was held constant against the dollar, resulting in an overvalued Brazilian currency, and import controls were relaxed in response to excess domestic demand. Following the plan's collapse, the government returned to "crawling peg" devaluation of the cruzado to spur exports. In addition, just prior to announcing its moratorium on medium- and long-term commercial bank debt, Brazil announced that it would add 2,500 items to a list of prohibited imports, to save scarce foreign exchange. (That provision was reversed in September 1987.)

Foreign direct investment represents a relatively small but important part of Brazil's capital base. The share of foreign direct investment and reinvestment registered with the Central Bank totaled \$27.7 billion as of September 30, 1986; U.S. investment totaled \$8.2 billion, about 30% of the total. Brazil's investment policy had been fairly liberal since the mid-1960s and particularly effective in attracting new investment from the developed countries.

Recent measures, including the market reserve on informatics and the lack of intellectual property protection (especially patents and copyrights on specific processes and manufactured goods), have served to cool the investment climate.

Initial drafts of the new constitution include provisions that could restrict considerably the activities of foreign firms in various sectors of the economy. The possibility that market reserve provisions will be extended to other sectors, high inflation rates, uncertainty about economic policies, and the 1987 moratorium on interest payments to commercial banks, have created an adverse climate for the foreign investor. Foreign direct investment flows were negative in 1986 and probably will be negative in 1987.

**FOREIGN RELATIONS**

Traditionally, Brazil has been a leader in the inter-American community and has played an important role in collective security efforts as well as in economic cooperation in the Western Hemisphere. Brazil aligned with the Allies in both World Wars and, during World War II, its expeditionary force in Italy played a key role in the Allied victory at Monte Castelo. It is a party

to the Inter-American Treaty of Reciprocal Assistance (Rio treaty) and the Organization of American States (OAS). In recent years, Brazil has given high priority to expanding relations with its South American neighbors and is a founding member of the Amazon Pact and the Latin American Integration Association (ALADI), the successor to the Latin American Free Trade Association (LAFTA).

Brazil is a charter member of the United Nations and participates in many of its specialized agencies. It has contributed troops to UN peacekeeping efforts in the Middle East, the former Belgian Congo, and Cyprus.

As Brazil's domestic economy has grown and diversified, the country has become increasingly involved in international politics and economics. It is a member of the General Agreement on Tariffs and Trade (GATT), the Committee of Twenty of the International Monetary Fund (IMF), the Group of 77, the World Bank, the Inter-American Development Bank (IDB), and several international commodity agreements. The United States, Western Europe, and Japan are primary markets for Brazilian exports and sources of foreign lending and investment. Brazil's dependence on imported petroleum has resulted in more intensive political and economic ties with Middle Eastern countries. In the 1970s, Brazil expanded its relations with black African countries. In 1986, it introduced a proposal at the UN General Assembly to establish a Zone of Peace and Cooperation in the South Atlantic. As an indication of Brazil's broader international role, trade with other developing countries increased from 9% of the total in the 1970s to nearly 30% in 1983.

The Brazilian Government has diplomatic relations with the U.S.S.R., China, all of the East European communist countries, and Cuba but not with Vietnam, Cambodia, or North Korea.

**U.S.-BRAZILIAN RELATIONS**

The United States was the first country to recognize Brazil's independence in 1822. Brazil's 19th-century leader, Emperor Dom Pedro II, admired Abraham Lincoln and visited the United States during the 1876 centennial. President Eisenhower was given a hero's welcome

when he visited Brazil in 1960. Presidents Roosevelt and Truman made earlier visits; President Carter visited in 1978, and President Reagan in 1982. President Sarney visited the United States in 1986.

In the 1950s and 1960s, Brazil received about \$2.4 billion in U.S. economic assistance—\$1.4 billion under the auspices of the U.S. Agency for International Development (AID) and the remainder under PL 480 (Food for Peace) and Peace Corps programs. After 1972, the emphasis was on the training of Brazilian leaders in technology and physical and social sciences (in the United States), especially at the graduate level. Some 14,000 persons were trained by USAID during this period, 22,000 from all U.S. Government sources. In view of Brazil's impressive economic development and its increased ability to obtain loans and technical assistance from private and multilateral sources, U.S. assistance programs were phased out in the 1970s, major AID activities in Brazil ended in 1979, and the Peace Corp's program was ended in 1980. Currently, AID maintains a small advanced developing country program that emphasizes cooperation in science and technology and family planning and responds to endemic disease, emergencies, and natural disasters.

The United States is Brazil's most important commercial partner, although the U.S. share of Brazilian trade dropped from a high of 26% to about 21% in 1985, when two-way trade amounted to \$9.6 billion. The growing diversification of U.S.-Brazil trade has led to trade disputes, and bilateral discussions have concerned such issues as Brazilian export subsidies and trade restrictions, U.S. restrictions on certain import items, technology transfer, intellectual property protection, and multilateral trade and commodity questions.

The agreements between Brazil and the United States include a treaty of peace and friendship; an extradition treaty; a joint participation agreement on communication satellites; and scientific cooperation, civil aviation, and maritime agreements. Brazil and the United States exchange professors under Fulbright and other academic programs and carry out university cooperation projects.

*I have texts.*

*agreement*

*on p. 8 of 11/26 draft for Congress speech.*

Dec '90  
Brazil visit file

**Fernando COLLOR de Mello**  
(Phonetic: KOHlor)

**BRAZIL**

*President-Elect*

*Addressed as: Mr. Collor*

Young (40), charismatic Fernando Collor de Mello, who will take office on 15 March, will be Brazil's first directly elected president in 29 years. Virtually unknown at the onset of last year's presidential campaign, the conservative former (1986 – May 1989) Governor of Alagoas, a small state in Brazil's underdeveloped northeast, has portrayed himself as a tough leader who intends to reform his country's corrupt central government. Collor is popular among some segments in his home state for his attacks on "maharajas"—civil servants who receive astronomical salaries for little or no work. In his campaign strategy he targeted the common man and stressed a broad vision of a better, more honest government for Brazil.



Collor has declared that he is a firm believer in free enterprise and acknowledges the need for a more open economy in order to compete internationally. He advocates the privatization of many state enterprises and says he will work to reduce inflation by cutting the budget deficit. He also wants to renegotiate Brazil's external debt on terms that will allow for adequate economic growth.

Collor was born on 12 August 1949 into a wealthy Alagoas family and spent his formative years in Rio de Janeiro. He is the son of a former senator and governor and the grandson of a former federal deputy and Cabinet minister. Collor studied economics and journalism at the University of Brasilia and at the Federal University of Alagoas, while helping to run his family's large communications network. He entered politics in 1979, when the military government appointed him mayor of Maceio, the capital of Alagoas. He served as a federal deputy from 1982 to 1986 under the banner of the Democratic Social Party; he then switched to the Brazilian Democratic Movement Party and was elected Governor of Alagoas. He later broke with that party over the length of President Jose Sarney's term. After a brief affiliation with the Youth Party, Collor founded the National Reconstruction Party and entered the presidential race in May 1989.

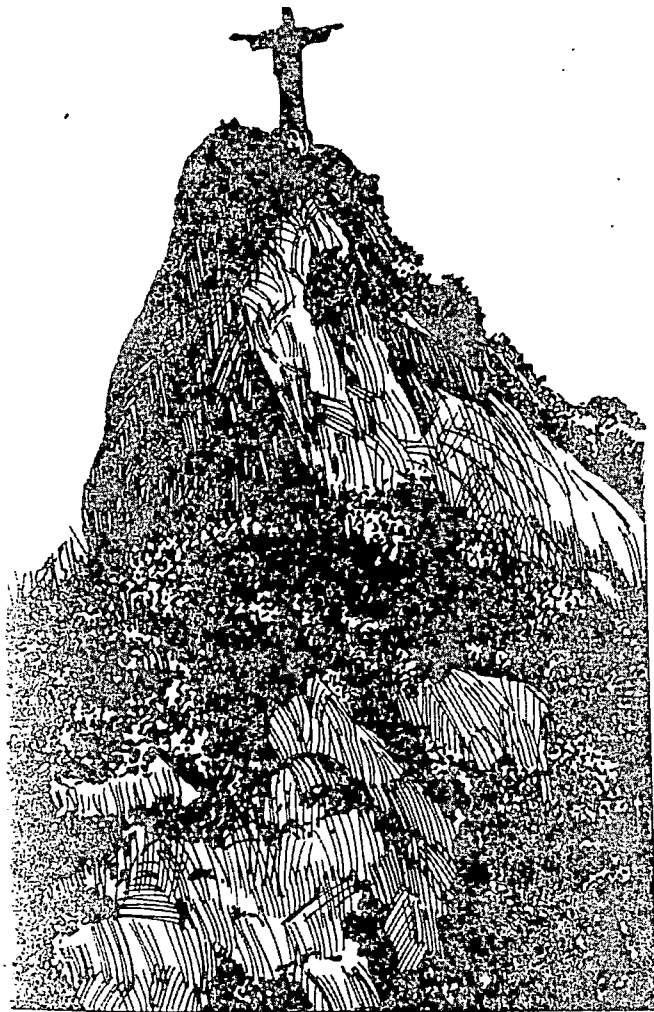
Collor has received favorable coverage in the Brazilian press for his recent travels; since mid-January 1990 he has visited three neighboring South American countries, followed by a three-week global tour of the United States, the Soviet Union, Japan, and several west European countries. Recognized for his facility with languages, he speaks some English, French, Spanish, and Italian. Collor was twice national karate champion of Brazil and says he relieves stress by running, swimming, and practicing karate. He is married to the former Rosane Malta and has two sons—Arnon Affonso and Joaquim Pedro—from his previous marriage to Rio de Janeiro socialite Lilibeth Monteiro.

1 March 1990

# Brazil

a country study

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



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

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

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

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

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

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

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

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

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

Monetary Council are the principal policymaking bodies in the area of international finance.

### **Multilateral Relations**

Few countries in the world participate in as many intergovernmental organizations, both global and regional in scope, as does Brazil. It was a founding member of the League of Nations (although it dropped out in 1928), and United Nations (UN), and the United Nations Conference on Trade and Development (UNCTAD); and it held membership in nearly all other specialized agencies of the UN. Brazil was one of the few nations that was a member of both the General Agreement on Tariffs and Trade (GATT) and the Group of 77. It was instrumental in the formation of the International Coffee Organization and the Cocoa Producers Alliance and participated in a host of additional multilateral commodity agreements. It was a member of the Organization of American States (OAS) and its specialized agencies and a variety of other inter-American regional organizations, including the Latin American Free Trade Association (LAFTA); its successor, the Latin American Integration Association (ALADI); and the Latin American Economic System (SELA). Finally, Brazil was an active contributor and participant in major multilateral lending institutions, the World Bank (see Glossary), the International Monetary Fund (IMF), and the Inter-American Development Bank (IDB).

During the late 1960s, when Brazil's participation in these organizations was growing precipitously, many observers saw Brazil as emerging as a natural leader of the nations of the Third World within these multilateral forums. For a variety of reasons, however, this never happened. In part this was due to political differences (Brazil being pro-capitalist, favorable toward multinational corporations, and not prone to blame the United States for the world's ills) with the majority of Third World nations that formed the Group of 77 within the UN. In part it was due to Brazil's own proclivities: "no automatic alliances" could apply to the Group of 77 as well as the United States. Brazil has proved to be a highly independent actor in the multilateral arena, unwilling to sacrifice what it perceives as its own interests for the sake of group solidarity.

While Brazil retained membership in a wide array of intergovernmental organizations, only rarely did it undertake major multilateral initiatives. For the most part Brazil played a quiet role and held limited expectations of its activities in multilateral forums. They were viewed as necessary for the projection of international stature, to avoid isolation (particularly in regional affairs), to prevent actions against Brazilian interests, and as valuable for informational purposes and to make contacts for subsequent bilateral diplomacy. Their value in the pursuit of national interests was seen as clearly secondary to bilateral relations.

## *Brazil: A C*

est was indicated in the early 1980s, however, by a five-year energy accord signed with the revolutionary government in Nicaragua and a repudiation of foreign intervention in the region. Brazil was very cautious in opening relations with Cuba. An initial contact was not made until early 1982, when a group of Brazilian businessmen visited the island.

### **United States Relations**

Brazil greatly expanded the scope of its foreign relations in the 1970s and early 1980s, but the United States remained its most important foreign relationship. Although it had lost its primacy of previous years (in 1960, for example, nearly half of Brazil's trade had been with the United States), the United States remained the single most important market for Brazilian exports, its largest single supplier of imports, its largest source of bank financing, and the largest foreign investor in Brazil.

From the Brazilian perspective, economic matters dominated the agenda between the two nations. This had not always been the case. The close cooperation between the Brazilian Expeditionary Force (Fôrça Expedicionária Brasileira—FEB) and the United States Army in Italy during World War II was the beginning of a long and fruitful consensus in matters of international politico-military strategy. When rising Brazilian nationalism combined with economic slowdown in the late 1950s and early 1960s to bring to power leftist-populists who threatened that consensus, the United States pursued a destabilizing policy against the government of President Goulart and then strongly supported the military government (many of whose members had been part of the FEB) that came to power in the 1964 coup d'état (see The Presidency of João Goulart, ch. 1). The renewed consensus was symbolized by Brazil's supplying troops (including the figurehead commanding general) in the United States-sponsored intervention in the Dominican Republic. United States economic and military aid flowed freely into Brazil between 1964 and 1971.

In contrast, Brazilian foreign policy officials showed little interest in the politico-military agenda set by the administration of President Ronald Reagan in the early 1980s. Specifically, efforts to interest Brazil in the Central American problems and in a military alliance to protect the South Atlantic were either ignored or received coolly in Brasília in 1981 and 1982. United States support for Britain in the Falklands/Malvinas war of 1982 also diverged from Brazil's neutrality. In a more general sense, Brazilian leaders no longer shared, as they had during nearly three decades of consensus, the competitive bipolar geopolitical vision that had waned under the détente of the 1970s but was being renewed in the early 1980s. In a 1981 address at the ESG, Minister of Foreign Affairs Guerreiro was critical of both the United States and the Soviet Union who, in the renewed competitive climate, "seek to



**Nomination of George F. Murphy, Jr.,  
To Be Inspector General of the United  
States Information Agency**

*June 27, 1990*

The President today announced his intention to nominate George F. Murphy, Jr., to be Inspector General of the U.S. Information Agency. He would succeed Anthony J. Gabriel.

Since 1988 Mr. Murphy has served as Deputy Director for the U.S. Arms Control and Disarmament Agency in Washington, DC. Prior to this, he served as a consultant to the nuclear industry, 1986-1987; director of the Senate National Security Office, 1977-1986; executive director of the Joint Committee on Atomic Energy, 1975-1977; deputy director of the Joint Committee on Atomic Energy, 1968-1975; and a professional staff member on the Joint Committee on Atomic Energy, 1958-1968. In addition, Mr. Murphy worked for the Central Intelligence Agency, 1950-1958.

Mr. Murphy graduated from Harvard College (A.B., 1949). He was born May 1, 1924, in Boston, MA. Mr. Murphy served in the U.S. Army Air Corps, 1942-1946. He is married, has two children, and resides in Bethesda, MD.

**Statement on Signing a Bill Protecting  
Natural and Cultural Resources in  
New Mexico**

*June 27, 1990*

I take great pleasure in signing into law S. 286, an Act to establish the Petroglyph National Monument and the Pecos National Historical Park in New Mexico, and to resolve various New Mexico land issues.

West of Albuquerque, New Mexico, the major landscape feature is the West Mesa, marked by a 17-mile long basalt escarpment and five volcanic cones. Within the area are an estimated 15,000 to 17,000 petroglyphs, which are designs carved or pecked into the rock. Establishment of the Petroglyph National Monument will provide an excellent opportunity to form a strong partnership among the Federal Government, the State of New Mexico, and the City of Albu-

querque to ensure the protection of seriously threatened ancient Pueblo Indian and Spanish rock art. Cost sharing will be an important component of the success of this joint effort, and I look forward to a successful partnership.

S. 286 also will expand the existing 365-acre Pecos National Monument into the 5,865-acre Pecos National Historical Park. This will allow for expanded protection and recreation programs in an area rich in cultural resources.

I wholeheartedly support the measures contained in S. 286 because they will ensure the protection of rich natural and cultural resources within the State of New Mexico that are now seriously threatened.

**George Bush**

The White House,  
June 27, 1990.

*Note: S. 286, approved June 27, was assigned Public Law No. 101-313.*

**Remarks Announcing the Enterprise for  
the Americas Initiative**

*June 27, 1990*

Thank you all very much for coming to the White House, and it is my pleasure to welcome so many distinguished guests with such strong interests in the vital Latin American and Caribbean region. Let me recognize the many members of the diplomatic corps that are here and extend to you a warm welcome—from Latin America, particularly, and the Caribbean, Europe, Japan. Members of our Cabinet—Nick Brady and Secretary Baker, Carla Hills, Secretary Mosbacher—delighted you're here. Chairman of the Council of Economic Advisers, Mike Boskin, is here. Bill Webster, welcome. And of course, we're delighted to see Alan Greenspan, Chairman of the Federal Reserve Board, here and then an old friend, Barber Conable, of the World Bank, and Richard Erb, from the IMF. And Ricky Iglesias, an old friend of the Bushes, and we welcome him, of the IDB, and so many leading lights in the business and financial

for the important work of UNHCR. High Commissioner he issue of Vietnam overall issue of movements in the President restated the first asylum in involuntary repatriation current conditions that the United to be in touch with on the issue of pre-southeast Asia.

**Professional Barbecue**

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you, Mr. President.

ke at 8 p.m. on the e House.



communities. To all of you, then, a welcome.

In the past 12 months, every one of us, from the man in the White House to the man on the street, has been fascinated by the tremendous changes, the positive changes, taking place around the world. Freedom has made great gains not just in Eastern Europe but right here in the Americas; and we've seen a resurgence of democratic rule, a rising tide of democracy, never before witnessed in the history of this beloved hemisphere. And with one exception, Cuba, the transition to democracy is moving towards completion, and we can all sense the excitement that the day is not far off when Cuba joins the ranks of world democracies and makes the Americas fully free.

With one exception, that's the case. But the political transformation sweeping the rest of Latin America and the Caribbean has its parallel in the economic sphere. Throughout the region, nations are turning away from the statist economic policies that stifle growth and are now looking to the power of the free market to help this hemisphere realize its untapped potential for progress. A new leadership has emerged, backed by the strength of the people's mandate, leadership that understands that the future of Latin America lies with free government and free markets. In the words of Colombia's courageous leader, Virgilio Barco—President Barco: "The long-running match between Karl Marx and Adam Smith is finally coming to an end" with the "recognition that open economies with access to markets can lead to social progress."

For the United States, these are welcome developments, developments that we're eager to support. But we recognize that each nation in the region must make its own choices. There is no blueprint, no one-size-fits-all approach, to reform. The primary responsibility for achieving economic growth lies with each individual country. Our challenge in this country is to respond in ways that support the positive changes now taking place in the hemisphere. We must forge a genuine partnership for free-market reform.

Back in February, I met in Cartagena [Colombia] with heads of the three Andean nations, and I came away from that meet-

ing convinced that the U.S. must review its approach not only to that region but to Latin America and the Caribbean as a whole. And I asked Treasury Secretary Brady to lead a review of U.S. economic policy towards this vital region, to make a fresh assessment, if you will, of the problems and opportunities we'll encounter in the decade ahead. And that review is now complete, and the results are in, and the need for new economic initiatives is clear and compelling.

All signs point to the fact that we must shift the focus of our economic interaction towards a new economic partnership because prosperity in our hemisphere depends on trade, not aid. And I've asked you here today to share with you some of the ideas, some of the ways we can build a broad-based partnership for the nineties—to announce the new Enterprise for the Americas Initiative that creates incentives to reinforce Latin America's growing recognition that free-market reform is the key to sustained growth and political stability.

The three pillars of our new initiative are trade, investment, and debt. To expand trade, I propose that we begin the process of creating a hemispherewide free trade zone; to increase investment, that we adopt measures to create a new flow of capital into the region; and to further ease the burden of debt, a new approach to debt in the region with important benefits for our environment.

Let's begin with trade. In the 1980's, trade within our hemisphere trailed the overall pace of growth in world trade. One principal reason for that: overrestrictive trade barriers that wall off the economies of our region from each other and from the United States at great cost to us all. These barriers are the legacy of the misguided notion that a nation's economy needs protection in order to thrive. The great economic lesson of this century is that protectionism still stifles progress and free markets breed prosperity. To this end, we've formulated a three-point trade plan to encourage the emerging trend toward free market reform that are now gathering forces in the Americas.

First, as we enter the final months of the current Uruguay round of the world trade

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talks, I pledge close cooperation with the nations of this hemisphere. The successful completion of the Uruguay round remains the most effective way of promoting long-term trade growth in Latin America and the increased integration of Latin nations into the overall global trading system. Our aim in the Uruguay round is free and fair trade, and through these talks we are seeking to strengthen existing trade rules and to expand them to areas that do not now have agreed rules of fairplay. And to show our commitment to our neighbors in Latin America and the Caribbean, we will seek deeper tariff reductions in this round on products of special interest to them.

Second, we must build on the trend we see toward free markets and make our ultimate aim a free trade system that links all of the Americas: North, Central, and South. And we look forward to the day when not only are the Americas the first fully free, democratic hemisphere but when all are equal partners in a free trade zone stretching from the port of Anchorage to the Tierra del Fuego.

I'm announcing today that the U.S. stands ready to enter into free trade agreements with other markets in Latin America and the Caribbean, particularly with groups of countries that have associated for purposes of trade liberalization. And the first step in this process is the now-announced free trade agreement with Mexico. We must all recognize that we won't bring down barriers to free trade overnight; changes so far-reaching may take years of preparation and tough negotiations. But the payoff in terms of prosperity is worth every effort, and now is the time to make a comprehensive free trade zone for the Americas our long-term goal.

And third, I understand that some countries aren't yet ready to take that dramatic step to a full free trade agreement. And that's why we're prepared to negotiate with any interested nation in the region bilateral framework agreements to open markets and develop closer trade ties. Such agreements already exist with Mexico and Bolivia. Framework agreements will enable us to move forward on a step-by-step basis to eliminate counterproductive barriers to trade and towards our ultimate goal of free trade. And that's a prescription for greater

growth and a higher standard of living in Latin America and, right here at home, new markets for American products and more jobs for American workers.

Promoting free trade is just one of three key elements in our new Enterprise for the Americas Initiative. And our second pillar is increased investment.

The competition for capital today is fierce, and the key to increased investment is to be competitive, to turn around the conditions that have discouraged both foreign and domestic investment—reduce the regulatory burden, clear away the thicket of bureaucratic barriers that choke off Latin America's aspiring entrepreneurs.

In one large Latin city, for instance, it takes almost 300 days to cut through the redtape to open a small garment shop. In another country, the average overseas caller has to make five phone calls to get through, and the wait for a new telephone line can be as long as 5 years. And that's got to change.

Investment reform is essential to make it easier to start new business ventures and make it possible for international investors to participate and profit in Latin American markets. In order to create incentives for investment reform, the United States is prepared to take the following steps:

First, the United States will work with the Inter-American Development Bank to create a new lending program for nations that take significant steps to remove impediments to international investment. The World Bank could also contribute to this effort.

And second, we propose the creation of a new investment fund for the Americas. This fund, administered by the IDB, could provide up to \$300 million a year in grants in response to market-oriented investment reforms in progress in privatization. The U.S. intends to contribute \$100 million to the fund, and we will seek matching contributions from Europe and Japan.

But in order to create an attractive climate for new investment, we must build on our successful efforts to ease the debt burden. That's the third pillar of this new Enterprise for the Americas Initiative.

Many nations have already undertaken painful economic reforms for the sake of

future growth, but the investment climate remains clouded, weighted down by the heavy debt burden. Under the Brady plan, we are making significant progress. The agreements reached with Mexico and Costa Rica and Venezuela are already having a positive impact on investment in those countries. Mexico, to take just one example, has already seen a reversal of the destructive capital flight that drained so many Latin American nations of precious investment resources. That's critical. If we restore confidence, capital will follow.

As one means of expanding our debt strategy, we propose that the IDB add its efforts and resources to those of the International Monetary Fund and the World Bank to support commercial bank debt reduction in Latin America and the Caribbean, and as in the case of World Bank and IMF, IDB funds should be directly linked to economic reform.

While the Brady plan has helped nations reduce commercial bank debt, for nations with high levels of official debt—debt owed to governments rather than private financial institutions—the burden remains heavy. And today, across Latin America, official debt owed to the U.S. Government amounts to nearly \$12 billion, with \$7 billion of that amount in concessional loans. And in many cases, the heaviest official debt burdens fall on some of the region's smallest nations, countries like Honduras and El Salvador and Jamaica.

That's a problem we must address today. As the key component in addressing the region's debt problem, I am proposing a major new initiative to reduce Latin America and the Caribbean's official debt to the United States for countries that adopt strong economic and investment reform programs with the support of international institutions.

Our debt reduction program will deal separately with concessional and commercial types of loans. On the concessional debt, loans made from AID or Food for Peace accounts, we will propose substantial debt reductions for the most heavily burdened countries. And we will also sell a portion of outstanding commercial loans to facilitate these debt-for-equity and debt-for-

nature swaps in countries that have set up such programs. These actions will be taken on a case-by-case basis.

One measure of prosperity and the most important long-term investment any nation can make is environmental well-being. As part of our Enterprise for the Americas Initiative, we will take action to strengthen environmental policies in this hemisphere. Debt-for-nature swaps are one example, patterned after the innovative agreements reached by some Latin American nations and their commercial creditors. We will also call for the creation of environmental trusts, where interest payments owed on restructured U.S. debt will be paid in local currency and set aside to fund environmental projects in the debtor countries.

These innovative agreements offer a powerful new tool for preserving the natural wonders of this hemisphere that we share. From the vistas of the unspoiled Arctic to the beauties of the barrier reef off Belize to the rich rain forests of the Amazon, we must protect this living legacy that we hold in trust. For an increasing number of our neighbors, the need for free-market reform is clear. These nations need economic breathing room to enact bold reforms, and this official debt initiative is one answer, a way out from under the crushing burden of debt that slows the process of reform.

I know there is some concern that the revolutionary changes we've witnessed this past year in Eastern Europe will shift our attention away from Latin America; but I want to assure all of you here today, as I've assured many democratic leaders in Central and South America and the Caribbean and Mexico, the United States will not lose sight of the tremendous challenges and opportunities right here in our own hemisphere. And indeed, as we talk with the leaders of the G-24 about the emerging democracies in Europe—I've been talking to them also about their supporting democracy and economic freedom in Central America. Our aim is a closer partnership between the Americas and our friends in Europe and in Asia.

Two years from now, our hemisphere will celebrate the 500th anniversary of an epic event: Columbus' discovery of America, our



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New World. And we trace our origins, our shared history, to the time of Columbus' voyage and the courageous quest for the advancement of man. Today the bonds of our common heritage are strengthened by the love of freedom and a common commitment to democracy. Our challenge, the challenge in this new era of the Americas, is to secure this shared dream and all its fruits for all the people of the Americas—North, Central, and South.

The comprehensive plan that I've just outlined is proof positive the United States is serious about forging a new partnership with our Latin American and Caribbean neighbors. We're ready to play a constructive role at this critical time to make ours the first fully free hemisphere in all of history. Thank you all for coming and God bless the peoples of the Americas. Thank you very, very much, indeed.

*Note: The President spoke at 2:48 p.m. in the East Room at the White House. In his opening remarks, he referred to Secretary of the Treasury Nicholas F. Brady; U.S. Trade Representative Carla A. Hills; Secretary of Commerce Robert A. Mosbacher; William H. Webster, Director of Central Intelligence; Barber B. Conable, Jr., President of the World Bank, which is also known as the International Bank for Reconstruction and Development; and Richard D. Erb, Deputy Managing Director of the International Monetary Fund. The President also referred to the Group of 24, the industrialized democracies that have pledged support for economic and political reform in Poland and Hungary.*

#### Message to the Congress Reporting Budget Rescissions June 28, 1990

*To the Congress of the United States:*

In accordance with the Impoundment Control Act of 1974, I herewith report eight proposed rescissions totalling \$327,375,000.

The proposed rescissions affect programs of the Department of Defense. The details

of the proposed rescissions are contained in the attached report.

George Bush

The White House,  
June 28, 1990.

*Note: The attachment detailing the proposed rescissions was printed in the "Federal Register" of July 6.*

#### Statement on the Japan-United States Trade Negotiations June 28, 1990

Last year the United States and Japan launched a new cooperative endeavor in economic policy called the Structural Impediments Initiative. This initiative is designed to address underlying structural problems in both of our economies with the goal of contributing to more open and competitive markets and to the reduction of payments imbalances. A joint working group was formed to identify and solve these problems. Over the past year, these discussions have demonstrated the constructive and cooperative spirit which characterizes the relationship between our two countries.

The joint report of the SII working group has just been issued in Tokyo, following up an interim report issued in April. I welcome and endorse this joint report. Both countries have identified structural impediments, taken initial corrective actions, and made commitments to take further steps to resolve a wide range of structural problems. We expect that the structural policy actions to be taken will have a positive effect on our economies, encouraging open and competitive markets, promoting sustained world economic growth, contributing to a reduction in global payments imbalances, and enhancing the quality of life in both Japan and the United States. Although our efforts on SII are bilateral, the effects will be beneficial for the entire world.

I particularly welcome the clear commitment by Japan to reduce further its current account surplus and view the-SII process as