

Brazil's 1964 Military Coup
—
The Political Foundations of Regressive Development

(An Excerpt from "The Blood Bankers")

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April 1, 2004

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A *pril 1, 2004* is not only April Fools Day in the US and Europe. It is also the fortieth anniversary of **"the worst April Fools' joke ever,"** as many **Brazilians called it, the 1964 US-backed military coup in Brazil** that



overthrew the constitutional, democratically-mandated government of its populist President, **João Goulart**.

This coup led directly to 21 years of disastrous rule by Brazil's military. During that period, the military cracked down sharply on all political opposition, independent trade unions, and critical media. It also piled up one of the world's largest foreign debts, tried to develop nuclear weapons and intercontinental missiles, and pursued a national development strategy that favored the construction of huge, poorly-planned but highly lucrative hydro dams, Amazonian highways, and nuclear plants over investment in education and other basic human needs.

As described in more detail in the following excerpt from ***The Blood Bankers***, all this proved to be very profitable for the officials, generals, and foreign and domestic bankers that catered to the regime's needs.

But it also created **a legacy of distorted development**, poverty, concentrated land and media ownership, deforestation, environmental pollution, high-level corruption, and inequality, as well as a culture of violence and disregard for human rights.

Fortunately, Brazil, a country with 182 million people that accounts for more than two-thirds of South America's entire economy, returned to civilian rule in 1985. But it still struggles with most of these problems to this day.

As the following account makes clear, the US Government was deeply involved in encouraging the coup at the highest levels -- n.b. recently-declassified White House tapes and documents. Once in power, Brazil's military also played a crucial role in the empowerment of right-wing regimes in several other Latin American countries, including Bolivia and Uruguay. Indeed, top US policymakers viewed Brazil's military as a very useful agent, which could be used to impart a hard right spin to political development all over the Southern Hemisphere.



The standard apology for all this is that it was the price that had to be paid to contain the global Communist menace. When examined carefully in the bright light of day, this excuse turns out to be a canard. The fact is that Brazil never faced a serious revolutionary threat from the Left; that Goulart and his supporters were at worst populist, nationalistic land-reformers and union supporters; that the generals and their friends in Brazil's elite systematically exaggerated the leftist threat in order to justify their appetite for power, which gave many of them offshore bank accounts; that Presidents Kennedy, Johnson, and, later on, Nixon, were completely spooked by the Castro fiasco into overreacting to such populists all over the Third World; that the Brazilian coup completely undermined the rule of law, labor unions, human rights, and political freedoms for many years; and that it also led to decades of short-sighted economic policies that damaged millions of lives.

In short, if we really want to understand the roots of Latin America's comparative poverty, inequality, violent culture, and distorted development, as well as why many Latin Americans do not necessarily share the *gringos'* high esteem for their own role in history, the story of Brazil's 1964 military coup is a good place to start.

FOUNDATIONS

One long-time Brazilian banker recalled that at that time (the early 1960s) **JPMorgan's** position in Latin America was “essentially nowhere.” Years earlier, of course, it had been one of the first U.S. banks to do international banking. In the 1880s, J.P. Morgan Sr. acquired Morgan et Cie in France and a third of London’s Morgan Grenfell, and in 1908 the bank added Guaranty Trust Company, which had French, Belgian, and UK branches. From 1890 to 1930 Morgan floated more Latin American bonds than any other bank. But from the Depression until the 1950s it had largely neglected Latin America. By 1964, its entire Mexican exposure was only \$15 million, and its Brazilian exposure just \$50 million, and Morgan’s Latin American group was run by people who were “not very aggressive....bright but not outgoing.....(the head) would show up in Rio and wait at his hotel for clients to call on him.” Of the group’s five bankers, only Fred Vinton, the son of a long-time Citibank rep in Buenos Aires, had ever lived in Latin America. Citibank, Chase, and Bank of Boston all had local branches in Rio and São Paulo, but not Morgan.



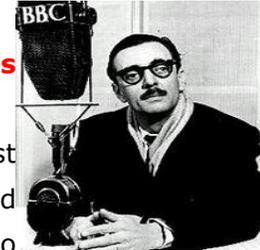
Kubitschek

Of course, at the time, Brazil was viewed as quite a risky place to do banking. **Juscelino Kubitschek**, the country's President from 1955 to 1961, had embarked on an ambitious “Fifty Years in Five” program, promoting industrialization and huge projects like Brasília, the new federal capital in the remote state of Goiás, that was aptly described as “the revenge of a Communist architect against bourgeois society.” Kubitschek’s program produced five years of 7 percent growth, unprecedented corruption, and the Third World's largest debt, \$2.54 billion by 1960. That may not sound like much now, but it consumed forty percent of Brazil’s export earnings. In 1961, **Janio da Silva Quadros**, Kubitschek's successor condemned this debt in terms that later generations would fully understand:

All this money, spent with so much publicity, we must now raise bitterly, patiently, dollar by dollar and cruzeiro by cruzeiro. We have spent, drawing on our future to a greater extent than the imagination dares to contemplate.

Kubitschek's excesses provoked a conservative reaction. In 1960, Quadros, a former Governor of São Paulo, ran for President on an anti-corruption platform with a broom as his symbol. He was elected, and took office in January 1961. His Finance Minister, a wealthy banker, quickly signed a tough IMF agreement that agreed to devalue the currency, slash subsidies, and repay the debt.

Janio Quadros



But Janio Quadros soon proved to be one of Brazil's weirdest leaders. He also tried to ban horse racing, boxing matches, and bikinis on the beach, and when the U.S. pressured him to embargo Castro, he defiantly journeyed to Havana and awarded **Che Guevara** the **Ordem do Cruzeiro do Sul**, Brazil's equivalent of the Legion d'Honneur. At one point early in his term he had been visited by **Adolfe Berle, Jr.**, President Kennedy's special assistant on Latin America. **Kennedy** was quietly seeking Quadros' support for the upcoming Bay of Pigs invasion. According to **John M. Cabot**, the US Ambassador to Brazil at the time, Berle effectively offered "Brazil" a \$300 million bribe in return for cooperation. But Quadros became "visibly irritated" after Berle ignored his third rejection, and sent Berle off to the airport unaccompanied. A few months later, in August 1961, Quadros resigned, complaining of being surrounded by "terrible forces," and blamed his downfall on a cabal that included "reactionaries" Berle, Cabot, and US Treasury Secretary **C. Douglas Dillon**.



Goulart and Kennedy

This allowed the succession of **João Goulart**, Janio's Vice President, a wealthy populist cattle farmer from Rio Grande do Sul. Goulart visited the US in April 1962, addressed a joint session of Congress, and received a ticker tape parade in New York City. But he immediately proceeded to alienate every key interest group at once, launching an aggressive land reform, boosting taxes on foreign investors, nationalizing utilities and oil refineries, and even encouraging enlisted men in the Army to organize a union. Inflation soared to the unheard-of level of 100 percent, exhausting four Finance Ministers in two years. All this was a splendid recipe for counterrevolution -- Brazil's usually fractitious military leaders banded together and organized a coup, was supported by business, most of the "middle class," and the U.S., which spent tens of millions of dollars on a covert anti-Goulart media campaign. In 1963, Goulart's second Finance Minister visited Washington and asserted that the left-leaning regime's social reforms had been

inspired by President Kennedy's so-called "**Alliance for Progress**" But he received a cold shoulder -- the US aid window closed down until April 1964, after the coup. As early as 1962 U.S. intelligence had warned of coup preparations, and was more than sympathetic. As **David Rockefeller**, who was at that point the President of his family's bank, **Chase Manhattan**, told a closed-door conference at West Point in the fall of 1964, "**It was decided very early that Goulart was unacceptable....and would have to go.**"



Ball and Johnson



Amb. Gordon

A newly-declassified audio tape, recorded by the White House taping system on March 31, 1964, just as the coup was just beginning to unfold, shows President Lyndon Johnson personally involved in reviewing US support for the coup, and monitoring the latest developments. In a phone conversation with Undersecretary of State George Ball, who was coordinating US activities, Johnson expressed support for aggressive action: "I think we ought to take every step that we can, be prepared to do everything that we need to do, just as we were in Panama if that is at all feasible. I'd put everybody who had any imagination or ingenuity in (Ambassador) Gordon's outfit or (CIA Director) McCone's or yours or (Secretary of Defense) McNamara's. We just can't take this one, and I'd get right on top of it and stick my neck out a little." US Undersecretary of State George Ball: That's our own feeling about it, and we've gotten it well organized."



The April 1, 1964, coup that followed -- "**the worst April Fool's joke ever**" -- was led by **General Humberto de Alencar Castello Branco**, commander of the Fourth Army in Recife. During World War II, he had served with Brazil's Expeditionary Force, which fought with the Allies in Italy. His "trench buddy" there was **Colonel Vernon A. Walters**, the U.S. "military attaché" from September 20,

1962 to 1967, who would later be promoted to Lt. General for his accomplishments in Brazil, and then move on to serve as senior CIA officer, the CIA's Deputy Director from March 1972 to 1976, and **Ronald Reagan's** UN Ambassador in the 1980s. Colonel Walters spoke fluent Portuguese and also very close to **General Emílio Garrastazu Médici**, head of Brazil's Black Eagles military school during the 1964 coup, then military attaché to Washington (64-65), head of Brazil's CIA, the "**Serviço Nacional de Informações (SNI)**" from 1967 to 1969, and then Brazil's President, courtesy of the junta.



Castello Branco



Gen. Walters

During the coup, Castello kept both General Walters and **U.S. Ambassador Lincoln Gordon** "very well-informed of pre-coup deliberations," a US Navy "fast" Carrier Task Group was standing by offshore, and six US Air Force C-135 transport plants with 110 tons of arms and ammunition were standing by, in case there was any resistance. Fortunately, the coup was almost bloodless, although there would be many disappearances, deaths, and cases of political torture during the 21 years that followed.

Castello Branco was supposed to step down after a short period of housecleaning, but Brazil's military proved to be a better master than a maid -- it stayed in power from 1964 to 1985. At first, Castello turned the economy over to **Octavio Bulhões**, an academic-cum-Finance Minister, and **Roberto Campos**, a U.S.-educated ex-Jesuit and former head of Brazil's powerful National Development Bank (BNDES), who became Planning Minister. Their reign from April 1964 to March 1967 was the first in a series of rather disappointing Latin American experiments with monetarism, the notion that controlling the money supply was the sine qua non of economic policy. To fight inflation, they reigned in credit, slashed spending (which they viewed as driving money growth, because the government was financing by selling bonds to the banking system) , and opened the door to imports. They also eased restrictions on foreign investment, eliminated taxes on foreign profits, and outlawed strikes. Dozens of labor leaders were jailed, and wages were frozen, although inflation was still raging at forty percent a year. But the regime was careful to protect investors against inflation by indexing bonds and bank deposits. A new capital markets law also created Brazil's first investment banks and provided "the most sophisticated

company law in Latin America." In 1965, in an attempt to control the money supply, Campos also created Brazil's first Central Bank and a National Monetary Authority. All these conservative measures went down rather well with bankers and the U.S. government. Regardless of who staged the coup, it soon became quite clear who would pay for it. From 1964 to 1970, Brazil got more than \$2 billion of U.S. aid, which made it the third largest aid recipient in the world. About \$900 million of this arrived in the first six months after the coup -- in 1964, after the coup, the U.S. Treasury paid seventy percent of the interest due on Brazil's debt. In July 1964, Brazil also signed another IMF agreement, and in the next three years it got \$214 million of IMF loans, which had been zero from 1959 to 1964. Brazil also suddenly became the World Bank's largest customer, after getting no loans at all from 1950 to 1965, as well as the largest borrower the IDB and from our old friends, the US EX-IM Bank. From 1964 to 1970, direct investment by American companies increased fifty percent. In January 1967, the IMF held its 22nd convention in Rio, presided over by **General Artur Costa e Silva**, a former War Minister and Castello Branco's successor.

General Golbery

Unfortunately for the majority of Brazilians living in poverty, most of this aid went to pay for budget deficits, planning exercises, and capital-intensive projects -- original Alliance for Progress objectives like "eliminating illiteracy from Latin America by 1970" and "income redistribution" got short shrift. The real value of the minimum wage dropped by one-fourth from 1964 to 1967, and malnutrition and infant mortality rose dramatically. Domestic industry was hit by foreign competition and a recession at once, even as multinationals were getting cheap finance and lower taxes. Many foreign investors also got "sweetheart" deals -- Campos was especially generous to Amforp, an American-owned utility, and in 1965 the American billionaire **Donald Ludwig** was allowed to buy an Amazon forest tract twenty percent larger than Connecticut for \$3 million. **General Artur Golbery Couto e Silva**, the military's "gray eminence," later became **President of Dow Chemical do Brasil** and a representative of **Dow's Banco Cidade**. A top professor at the Escola Superior de Guerra, Brazil's version of the National War College, and the author of the seminal *Geopolitica do Brasil*, in the early 1960s Golbery had used CIA funding to launch the Institute for Research and Social Studies (Instituto de Pesquisas e Estudos Sociais--IPES), the SNI's precursor. Over the next two decades, the SNI would employ more than 50,000 people to spy on and otherwise deal with "subversives" at home and abroad. Golbery later served as head of the Casa Civil, a



key aid to **President Ernesto Geisel**. Not surprisingly, along the way, Dow Chemical got special permission for a new plant in Bahia.



Ernesto Geisel

Roberto Campos



Soon, even nationalist critics started attacking Roberto Campos' program as a "pastoral plan" designed by Americans to eliminate domestic industry -- he became widely known as "**Bob Fields**," "a full-time *entreguista*." In 1964, a popular Rio bumper sticker said, "**Enough of intermediaries! -- (U.S. Ambassador) Lincoln Gordon for President!**" In 1966, the U.S. Ambassador complained that American advisors were implicated in "almost every unpopular decision concerning taxes, salaries and prices."

In October 1965, in the last free elections until 1982, the military's candidates for state governorships in Rio de Janeiro and Minas Gerais were defeated. Workers, students, and church organizers turned radical, and several civilian leaders who had supported the coup, including Magalhães Pinto and Carlos Lacerda, also pressed for new elections. There was a sharp increase in capital flight -- in 1966 Brazilians sent more money abroad than all the new foreign investment and foreign aid brought in.



General Costa e Silva

The nationalists in the military also began to treat the "internationalist" segments of the upper classes harshly -- they unleashed a spy operation to catch wealthy Brazilians who had foreign accounts. In November 1966 the police, assisted by Brazil's intelligence service, the SNI, under the command of **General Fiuza de Castro**, raided the offices of **Bernie Cornfeld's Swiss-based I.O.S.** flight capital operation in seven cities, arrested 13 salesmen, and seized files on 10,000 clients.

All this set the stage for a hard-line backlash, led by members of the military who believed that the *castellistas* were selling out to foreigners and were not tough enough on *subversivos*. In late 1966, Castello Branco gave way to the IMF's favorite, General Costa e Silva. Political parties were consolidated into a "majority" party, ARENA, and an official "opposition" party, the PMB -- as they soon came to be known in the underground, the parties of "yes" and "yes sir." Many opposition politicians, union leaders, and students were stripped of their civil rights. In December 1968, when a federal deputy asked Brazilian women to stop having sex with military officers until political repression ceased, the Army demanded that Congress lift the fellow's immunity so he could be prosecuted for "insulting the Armed Forces." When the Congress refused, Costa e Silva closed it, disbanded state assemblies and city councils, suspended habeas corpus, and imposed press censorship. Dictatorial niceties like arrests without warrant and torture now became common, while elections were reduced to ratifications of the military's "bionic" candidates.

As for Roberto Campos, in March 1967 he moved over to the private sector, giving way to a more dirigiste economic team. He never again exercised much power, although he served as Ambassador to England in the mid-1970s. His 1982 diary reads like a "Who's Who" of prominent Brazilians and Americans. Tony Gebauer was one of the friends listed there. But unlike some of his successors, apparently Roberto Campos didn't do his private banking at Morgan -- **the diary lists accounts at Geneva's Pictet et Cie and Trade Development Bank**, whose founder, **Edmond Safra**, also founded Republic Bank of New York and Safra Bank, and was an old Campos acquaintance.

So by 1967, Brazil was thus well on its way to becoming a marshal law state. With the support and guidance of the US government, a left-leaning, if democratically-elected, government had been vanquished, and a right-wing dictatorship put in its place. Especially after 1968, until the mid 1970s, the level of repression increased, and the number of political opponents who were murdered or "disappeared" reached into the low thousands. This was modest, compared with what went on in Argentina, Chile, and Paraguay, , but Brazil made up for the body count by sharing its early experiences with these countries. (See below.)

Dictatorship of the Imagination

While Brazil's military deserved much of the credit for this new system, the US national security apparatus also played a key role. One of its crucial long-term influences was a variation on the "**Mighty Wurlitzer**" concept that it had pioneered with great success in France, Italy, Germany, and Japan in the 1940s and 1950s, and continues to use right up to the present in places like post-Soviet Eastern Europe, Southeast Asia, Lebanon, Pakistan, Iraq, and the Philippines.

This was to develop a nation-wide media network that could be used to shape public opinion. In 1964, an energetic, personable young **Time-Life** executive named **Joe Wallach** went to work with Roberto Marinho, a Brazilian businessman who at that point was running a newspaper and a local TV station in Rio. Wallach, didn't speak any Portuguese at the time, but he had a background in TV production and accounting in California. Suddenly he became O Globo's Executive Director. "Time-Life" also invested \$4 million - \$6 million in a joint venture with Globo, a great deal of money for that time, which helped Globo buy up concessions and steal a march on its competitors. "Time-Life" and its friends also encouraged multinationals to direct advertising to Globo, which soon came to run a kind of advertising cartel. Meanwhile, Globo also was careful to take a pro-government line in its reporting – cynics came to refer to it as "The Ministry of Information."

All this, plus the special licenses for satellite broadcasting, radio, and local stations that it received again and again from the government, made Globo prosper. Over the next twenty-five years, under Wallach's leadership, TV Globo became the world's fourth largest TV network. The deal was rather simple – Globo provided favorable coverage to its political allies, and they helped it get the TV, satellite broadcasting, radio, and cable concessions that it needed to keep growing. In special cases, the politicians and their families also shared in the ownership of these "goodies," as we'll see below.

Over the next three decades, Globo became one of the most politically-influential media empires in the developing world – by 1990 it owned 78 stations in Brazil, with more than 50 million viewers in Brazil alone, ad revenue of \$600 million a year, 8,000 employees, more than 30 subsidiaries in Italy, Portugal, Cuba, Japan, and other countries, and it was producing and exporting TV programming to 112 countries. Furthermore, even after Brazil returned to democracy in 1985, Globo continued to exert strong influence over political selection of many key political

leaders, including several Presidents. All along, it was a consistent opponent of candidates that it perceived as threats to the system, often using blatant propaganda to influence elections, as in the hard-fought 1989 Presidential race between Lula and Fernando Collor.

Only in 2001-2002, long after Wallach had retired and **Roberto Marinho** had passed the empire on to his evidently less-able sons, would Globo's disappointments in Internet and cable investments and crushing foreign debts finally bring it down to earth – not unlike the similar fate that befell its original partners at "Time-Life," now part of the hapless AOL Time Warner conglomerate. The Marinho family's estimated wealth on the Forbes' annual billionaire survey peaked at \$6.4 billion in 2000, with the Internet's peak. By 2002 they were down to their last \$1 billion, barely eligible for a mention on the Forbes list.

Even then, however, Globo still would try to use its political influence as currency. In the 2002 Presidential race, in a move that must have made its original partners turn circles in their graves, Globo for the first time threw its support to Lula, the left-wing candidate, who ended up finally winning on this fourth try for office. Evidently, having backed the "system" that, as we'll soon see, ultimately made Brazil the world's largest debtor, Globo was hoping for some government relief from its own crushing foreign debts.

BANKING ON THE STATE

In any case, in addition to military action and media support, the top-down development strategy adopted by Brazil's military and its foreign allies in the 1960s also had a crucial economic component. At first glance – and indeed, at second – this strategy was a little hard to reconcile with free-market principles and democratic rule. But it cleared the way for bankers like Tony to earn huge fortunes. As Auden says, "When there was peace, he was for peace. When there was war, he went." These bankers joined forces with a corrupt coalition of officials, industrialists, and agro-exporters to support a new debt-intensive strategy that was designed and implemented by a powerful new Minister also named Antonio, who became one of JPMorgan's Tony Gebauer's closest friends of all.

Antonio Delfim Neto was an extremely fat academic-cum-bureaucrat from a middle-class Italian family in São Paulo. In the 1950s, he wrote a brilliant Ph.D. dissertation on the coffee industry and taught macroeconomics at the University of

São Paulo (U.S.P.). In the 1960s he was a consultant to Ralph Rosenberg, whose Ultra Group was the largest private investor in Petrobras, as well as Antonio Carlos de Almeida Braga, the owner of Bradesco, Brazil's largest bank, and Pedro Conde, another bank owner. From 1963 to 1967, Delfim, in his late thirties, advised São Paulo governors Carvalho Pinto and Lauro Natel, who was on leave from Bradesco. Then, from 1967 to 1985, Delfim came to wield more influence over the economy than anyone before or since.

He was as quick-witted as Campos, but most of his success was due to a lack of ideology. As Delfim said in 1969, "I am not going to sacrifice development only to pass into history as someone who defeated inflation at any cost." He was the grand master of bureaucratic infighting, inserting his "Delfim boys," mostly U.S.P.-trained economists, into key positions all over the government, where they operated a kind of Florentine patronage system, keeping a running tally of favors owed to important people. "I was in the office of (an important banker) when Delfim called. He needed \$5 million right away," one banker recalled. "The only argument was how to get it to him. We knew he'd make it up to us." In a country where most ministers rotated quickly, this network of favors and influence earned Delfim unusual longevity. He was Finance Minister in 1969-74, Ambassador to France in 1974-78, Minister of Agriculture in 1979, Planning Minister in 1979-85, and even after civilian rule returned in 1985, an important behind-the-scenes leader in Congress, where he also enjoyed immunity from prosecution. Among those responsible for Brazil's massive debt burden in the 1980s, only Tony Gebauer enjoyed similar continuity.

In August 1969, General Costa e Silva died of a stroke, after learning that his wife had helped deliver Brasilia's telephone exchange contract to **Ericsson**, a Swedish company that bribed its way all over Latin America. Vernon Walter's friend, the even-more hawkish General Emilio Medici (1969-74), then took over, and some of Delfim's critics seized the opportunity to accuse Delfim of corruption. But he was so popular with all his other "clients" that Delfim was soon reappointed. He promised Medici, echoing the grandiose Kubitschek in the 1950s, "Give me a year and I will give you a decade."



General Medici

Meanwhile, from a national security standpoint, Medici was exactly what Brazil's US allies were looking for – he visited Nixon, Henry Kissinger, and General Walters in December 1971. In the meeting just

two weeks later with Secretary of State William Rogers, recorded in a transcript only just released by the National Archives in 2002, Nixon described Medici in glowing terms:

- **Rogers:** "Yeah, I think this Médici thing is a good idea. I had a very good time with him at lunch and he..."
- **Nixon:** "He's quite a fellow, isn't he?"
- **Rogers:** "He is. God, I'm glad he's on our side."
- **Nixon:** "Strong and, uh, you know...(laughs)...you know, I wish he were running the whole continent."
- **Rogers:** "I do, too. We got to help Bolivia. He's concerned about that. We got to be sure to..."
- **Nixon:** "Incidentally, the Uruguayan thing, apparently he helped a bit there..."

The "Uruguayan thing" was clarified in another transcript, recently released, of a Nixon conversation with **Britain's Prime Minister Edward Heath** that same month. According to Nixon, "The Brazilians helped rig the Uruguayan election...Our position is supported by Brazil, which is after all the key to the future." (emphasis added.) He was referring to the **November 28, 1971, elections, in which Uruguay's Frente Amplio**, a coalition of left-leaning political parties not unlike Allende's Unidad Popular in Chile, had been defeated by the right-wing Colorado Party. The result was indeed unexpected, and evidently Medici had had a key role in it.

In March, 1972, the Colorado's new right-wing **President Bordaberry**, gave Uruguay's security forces a green light to go not only after the Tupamaros, Uruguay's urban guerillas, but also against its labor unions, student associations, and political opponents. In June 1973 the military made Bordaberry a puppet, and in 1976 took complete power, following in Brazil's footsteps. The result was a bloodbath that anticipated the thousands of political murders that later occurred in Chile, after **Allende's** demise in September 1973, and in Argentina after its military seized power in 1976. By then, Uruguay, a country with just 3 million people that had once been known as "the Switzerland of Latin America," had become its torture chamber, with more political prisoners per capita than any other country in the world. Like Brazil, once gone, civilian government did not return to Uruguay until 1985.

According to other newly-released documents, General Medici had also assisted with **the right-wing in Bolivia in August 1971**. More generally, it has recently become clear that Brazil's military, with US support and coordination from the US, played a key role in training and guiding the repression that went on in Chile, Argentina, Paraguay, and Bolivia in the late 1960s and 1970s. As one scholar noted, "Brazil had a head-start on terror." Even prominent journalists, like Waldimoro Herzog, who was murdered by the Brazilian regime in 1975, were not safe.

Indeed, one of the victims may even have been former President João "Jango" Goulart himself, who died in 1976 of a curious "heart attack" at the age of



58, at his ranch in Parana. Goulart's family had long suspected that he'd been murdered by the



military. In 2000, Brazil's Congress finally got around to starting an official investigation of the death. Of course Brazilian Presidents have a history of unfortunate endings – Juscelino Kubitschek, Quadros' predecessor, also died in 1976, in a car accident, and Tancredo Neves, the first civilian President after military rule ended in 1985, died after three months in office.

In any case, whether or not the "domino theory" really ever applied to Communist revolutions, clearly it worked quite well with respect to these Latin American right-wing regimes. And their US patrons discovered that with only a little nudge, one big domino – "the key to the future" – could wield extraordinary influence.



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1 The above is an excerpt from James S. Henry, **The Blood Bankers. Tales from the Global Underground Economy.** (New York: Four Walls, Eight Windows, December 2003, 417 pp.)

