

Fifty years after the overthrow, in Brazil, of democratically elected president Joao Goulart, Washington's support to the coup must not be forgotten

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Fifty years after the army staged a coup on 2 April 1964 and overthrew President Joao Goulart, there can be no doubt about the active support provided by the US government, the World Bank and the IMF. On 2 April 2014, a US NGO, the National Security Archive (NSA!) publicized an impressive amount of declassified official documents that testify to Washington aiding and abetting the Brazilian army officers who had overthrown Joao Goulart's democratic government 50 years earlier. [\[1\]](#)

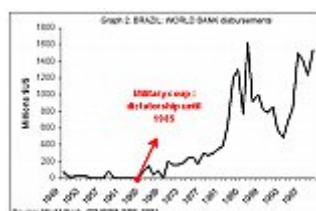
In the PhD dissertation I presented at the universities of Paris VIII and Liège in 2004 [\[2\]](#), I discussed the support provided to the coup by Washington, the WB and the IMF. The relevant section is reproduced below.

Support for the Brazilian military junta after the overthrow of President Joao Goulart

President Joao Goulart's democratic government was overthrown by the military in April 1964. WB and IMF loans, suspended for three years, resumed very soon afterwards. [\[3\]](#)

A brief time line: in 1958, Brazilian president Kubitschek was about to undertake negotiations with the IMF to gain access to a loan of 300 million dollars from the United States. At the end, Kubitschek refused the IMF-imposed conditions and did without the US loan. This earned him wide popularity.

His successor, Goulart, announced that he would implement a radical land reform programme and proceed to nationalise petroleum refineries: he was overthrown by the military. The United States recognised the new military regime one day after the coup. Not long afterwards, the WB and IMF resumed their suspended lending policy. As for the military, they rescinded the economic measures the United States and IMF had criticised. Note that international financial institutions were of the view that the military regime was taking sound economic measures [\[4\]](#). Yet, the GDP fell 7% in 1965 and thousands of firms declared WBrupctcy. The regime organised harsh repression, outlawed strikes, caused a dramatic drop in real wages, and eliminated direct ballot voting, disbanded trade unions and made systematic use of torture.



President Joao Goulart's democratic government was overthrown

Since his first trip in May 1968, McNamara regularly visited Brazil where he did not miss meeting the military rulers. The public reports of the WB systematically praised the policies of the dictatorship in reducing inequalities [5]. Nevertheless, inside the WB, the discussions took a bitter turn. When Bernard Chadenet, Vice-President of Project of the WB declared that the image of the WB is going to degrade following the support to the repressive government of Brazil, McNamara recognized that there was a tremendous amount of repression but he added that it “is not necessarily a great deal different from what it had been under previous governments, and it did not seem to be a lot worse than in some other member countries of the WB. Is Brazil worse than Thailand?” [6] Some days later, Mc Namara followed up “No viable alternative to the Government by generals seemed open” [7]. The World WB realised very well that inequalities would not diminish and that its loans in the agricultural sector would reinforce the big landowners. Nevertheless, it decided to carry on the loans because it absolutely wanted to put the government under its influence. Now, at this juncture, the WB met an obvious failure: the military regime demonstrated a deep mistrust in the context of the WBs desire to increase his presence. Finally, at the end of the 70s, they took advantage of a profusion of loans from the international private bankers granted at a lower rate of interest than that of the WB and moved away from the WB, which they found less useful.

How political and geostrategical considerations influence World WB lending policy

Article IV section 10 stipulates: “The WB and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purposes (set by the WB) stated in Article I.”

The WB has found many systematic means of getting round the prohibiting its operations taking “political” and “non-economic” considerations into account, one of the primary stipulations of its charter, from its founding onwards. The WB refused loans to post-liberation France as long as the Communists remained in the government. The day after they left the government in May 1947, the loan France had requested, blocked until then, was granted [8].

The WB has repeatedly contravened article IV of its own statutes. In truth, the WB has made many choices based on political considerations. The quality of governments’ economic policies is not the determining element in its choices. The WB has often lent money to the authorities in countries despite the dismal quality of their economic policies and a great degree of corruption: Indonesia and Zaire are two cases in point. Specifically, WB choices relative to countries that play a major political role in the eyes of its major shareholders are regularly linked to these shareholders’ interests and outlooks, starting with the United States.

From 1947 to the collapse of the Soviet bloc [9], World WB and IMF decisions were determined in large part by the following criteria:

- avoid shoring up self-reliant models;
- provide funding to large-scale projects (WB) or policies (IMF) enabling major industrialised countries to increase exports;
- refuse to help regimes seen as a threat by the United States government or other important shareholders;
- attempt to modify the policies of certain governments in the so-called socialist countries so as to weaken the cohesion of the Soviet bloc. This is why support was granted to Yugoslavia, which had dropped out of the Moscow-dominated bloc from 1948, or to Romania from the 1970s at the time when Ceausescu was attempting to take his distances from the Comecon

and the Warsaw Pact;

- support strategic allies of the western capitalist bloc and in particular of the US, (i.e.: Indonesia from 1965 to the present day, Mobutu's Zaire, the Philippines under Marcos, Brazil under the dictators after the 1964 coup, dictator Somoza's Nicaragua, Apartheid South Africa);
- Attempt to avoid or to limit in so far as possible, closer links between Third World countries and the Soviet bloc or China: for example, distancing the USSR from India and Sukarno-era Indonesia.

To carry out this policy, the World WB and the IMF have generalised a tactic: greater flexibility towards right-wing governments (less demanding in terms of austerity measures) facing a strong left opposition than to left-wing governments facing strong opposition from the right. Concretely, that means IFI are more demanding and make life more difficult for left-wing governments to weaken them and ease the right's path to power. According to the same logic, the IFI have made fewer demands on right-wing governments facing a left-wing opposition to avoid weakening them and preventing the left from coming to power. Monetarist orthodoxy has variable geometrics: the variations depend on many political and geostrategic factors.

The IMF and World WB did not hesitate to support dictatorships when they (and other major capitalist powers) found it opportune. The author of the World Report on Human Development published by UNDP (1994 edition) says so in black and white: "But rhetoric is running far ahead of reality, as a comparison of the per capita ODA received by democratic and authoritarian regimes shows. Indeed, for the United States in the 1980s, the relationship between aid and human rights has been perverse. Multilateral donors also seem not to have been bothered by such considerations. They seem to prefer martial law regimes, quietly assuming that such regimes will promote political stability and improve economic management. After Bangladesh and the Philippines lifted martial law, their shares in the total loans given by the World WB declined" [10].

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His latest book is *Procès d'un homme exemplaire (The Trial of an Exemplary Man)*, Édition Al Dante, Marseille, September 2013. He is co-author with Damien Millet of *Debt, the IMF, and the World Bank: Sixty Questions, Sixty Answers*, Monthly Press, New York, 2010 <http://cadtm.org/Debt-the-IMF-and-the-World-Bank>); *La dette ou la vie (Debt or Life?)* co-published by CADTM- Aden, Liège-Brussels, 2011. Prix du Livre Politique awarded by the Foire du Livre Politique in Liège <http://www.cadtm.org/The-CADTM-recoit-the-prix-of-the-livre>

Footnotes

[1] See: <http://www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB465/>

[2] Eric Toussaint, doctoral thesis in political science, presented in 2004 at the Universities of Liège and Paris VIII: "Enjeux politiques de l'action de la Banque mondiale et du Fonds monétaire

international envers le tiers-monde” (“Political aspects of the World Bank and the International Monetary Fund actions toward the Third World”),
<http://cadtm.org/Enjeux-politiques-de-l-action-de> This part of the dissertation was inserted in the book Eric Toussaint, *The World Bank : A critical Primer*, London, Pluto Press, 2008,
<http://cadtm.org/The-World-Bank-A-critical-Primer>, chapter 6.

[3] An analysis of the facts summarised below is found in: Payer, Cheryl. 1974. *The Debt Trap: The International Monetary Fund and the Third World*, Monthly Review Press, New York and London, p. 143-165.

[4] In 1965 Brazil signed the Stand-By Agreement with the IMF, received new credits and had the United States, several European creditor nations and Japan restructure its debt. After the military coup, loans rose from zero to an average of 73 million US dollars for the rest of the 1960s and reached almost half a billion US dollars per annum in the mid 1970s.

[5] Details in Kapur, Devesh, Lewis, John P., Webb, Richard. 1997. *The World Bank, Its First Half Century, Volume 1: History*, Brookings Institution Press, Washington, D.C., pp. 274-282

[6] World Bank, “Notes on Brazil Country Program Review, December 2, 1971” Details in Kapur, Devesh, Lewis, John P., Webb, Richard. 1997. *The World Bank, Its First Half Century, Volume 1*, pp. 276.

[7] Kapur, Devesh, Lewis, John P., Webb, Richard. 1997. *The World Bank, Its First Half Century, Volume 1*, pp. 276.

[8] See Kapur, Devesh, Lewis, John P., Webb, Richard. 1997. *The World Bank, Its First Half Century, Volume 1: History*, Brookings Institution Press, Washington, D.C., p. 1218

[9] The period coinciding with the cold war.

[10] UNPD. 1994. *Human Development Report*, p.76