Brazil, Multi-national Corporations, and the Central Intelligence Agency: Are Regime Changes Results of Business Practices?

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Abstract
CIA interventions in foreign nations are not unheard of, but often times, these interferences are riddled with controversy. Regime change can be the result of many objectives but what if the reasons were linked to the decisions of power companies headquartered in the United States? This paper looks further into government changes in Brazil for potential correlations in decisions of major U.S. Multinational Corporations. The effects of international business mergers, acquisitions, and economic might in the United States will be analyzed through scholarship works and the impact two companies, Shell and ITT, have on the current relationship between the United States and Brazil.

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BRAZIL, MULTI-NATIONAL CORPORATIONS, AND THE CENTRAL INTELLIGENCE AGENCY: ARE REGIME CHANGES RESULTS OF BUSINESS PRACTICES?

By

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Abstract:

CIA interventions in foreign nations are not unheard of, but often times, these interferences are riddled with controversy. Regime change can be the result of many objectives but what if the reasons were linked to the decisions of power companies headquartered in the United States? This paper looks further into government changes in Brazil for potential correlations in decisions of major U.S. Multinational Corporations. The effects of international business mergers, acquisitions, and economic might in the United States will be analyzed through scholarship works and the impact two companies, Shell and ITT, have on the current relationship between the United States and Brazil.

Keywords: Central Intelligence Agency, Shell, ITT, Brazil, Intervention

Introduction:

Involvement of the Central Intelligence Agency (hereafter referred to as the CIA unless otherwise noted) in the business and government compositions of foreign countries is no secret. While the United States (hereafter referred to as the US unless otherwise notated) was intervening and altering regime changes prior to the creation of the CIA, Many scholars and the CIA themselves have admitted to the role the spy agency has played in changing the direction of governments. A few examples include Iran in 1953, when the CIA helped to overthrow the democratically elected Prime Minister Mohammad Mosaddegh on 19 August in favour of a dictatorial reign of Mohammad
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Reza Shah Pahlavi to continue oil access and trade with the US as a puppet government.¹

1958 saw an attempt in Lebanon by the CIA under the orders of President Dwight Eisenhower to “protect regimes the United States considered threatened by international communism.”² The 1961 failed Bay of Pigs Invasion was an attempt by the CIA to overthrow the government of Fidel Castro, also a communist regime.³ Additional interventions in foreign governments by the CIA include the Dominican Republic, 1965; Vietnam, 1960s; Panama, 1989; Kuwait, 1991; Afghanistan, 2001; Iraq, 2003, and more in contemporary times.⁴

Communism is mentioned as the primary reason for these interventions. The concept was developed by Karl Marx in the 1840s through his novel, the Communist Manifesto, which includes directions on how to bring about a communist society, what the ideal society looks like, and the intended outcomes of said society.⁵ At its core, communism is the belief in a liberal society that offers workers freedom of religion and property, with equality for all people regardless of wealth accumulation prior to the society’s implementation. During the 1950s-1990s, these interferences were credited to overthrowing communist or communist sympathizing regimes to preserve and protect democracy, but there may have been another motivating factor behind the decision to

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Intervene: perhaps the CIA intervened in government to help support and protect their major businesses and corporations with national or regional headquarters in the United States: Tangentially, happening business interests and American businesses abroad are of the concern for the United States and therefore it could be argued it would be well within the best interests of the US and its people to have secure, stable, and profitable interactions and contracts overseas through multinational corporations.

Communism tends to be associated with the nationalization of businesses in the interest of providing more shares to the public and spreading the wealth around. The economics of communism call for a centrally planned economy with the government in control of distribution, production, manufacturing, and more.

Today, businesses operate across cultural, social, and even international borders. Businesses have grown to become multination corporations, spanning across countries, oceans, and continents, but they still place high priority and emphasis on where they place their headquarters and how many headquarters they have. This paper will look at multinational corporations who operated in Brazil. These large corporations will be analyzed in an attempt to determine if the CIA interfered in the national government regimes as a result of business relationships and/or incentives. Further examination will be done into the corporations and their business practices to see if investments were made into either the United States or the country in question around the time of the regime change as well.

**Thesis Statement:**
The interventions of the CIA and changes in the government regimes of Brazil have previously been seen as the result of communism or communism sympathizers in positions of leadership in the government. This paper argues that rather than communist sympathizers or ties, the interventions of the United States were the result of business decisions and incentives driven by Shell Oil Corporation and the International Telephone Telegraph Company. These two companies experienced potential threats to their profits, acquired new companies, risked nationalization of resources, and underwent mergers or divisions around the times that the CIA intervened in Brazil’s federal government. This intervention can be seen in today’s relationship between Brazil and the US as one that is still hesitant towards one another and reluctant to enter into business agreements.

**Research Question:**

The main focus of this paper is to analyze and examine whether or not the interference of the CIA in Brazil in 1964 was a result of a desire to change a communist sympathetic regime or if it was to assist and support the International Telephone and Telegraph company. The research question then is: what is the extent and lasting impact of interventions by the CIA in Brazil on US-Brazil relations today? Is this relationship the result of CIA interventions purely undertaken to reduce the spread of communism, or did multi-national corporations with headquarters in the United States enter into agreements or undertake actions which encouraged the US to intervene in Brazil to protect the interests of these economic powers. For the sake of discussion, the time period
will be limited to government regimes from 1964—present time with additional focus given to the current relationship between the two countries.

**Hypothesis:**

Prior to conduct any research, the hypothesis for this project was that there would be a correlation between business investments/incentives and the interference of the CIA in Brazil causing specific regime changes of their governments. While that remains the overarching hypothesis, the author’s hypothesis is now that the CIA interfered and assassinated the President of Brazil in 1964 because there was talk of a movement to nationalize the telephone company in Brazil, thus rendering the monopoly and service of ITT useless. ITT, being a major donor and backer of several high ranking politicians in the United States, was able to use its influence and lobbying abilities to encourage the United States government to remove their foreign problems and secure their headquarters in the US.

**Methodology:**

Data will be collected through the examination of several journal articles, scholarly magazines, and published books on the topic. These resources will be accessed through online access funded through the Halle Library at EMU and will be supplemented by materials available through the University of Michigan (both electronically and in print format). Research will be collected on the selected country’s government system during the specified time period, in addition to the company structure
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and business practices at the time (both within and out of the country). Then, research
will be collected on the companies themselves, looking at the goals and major
acquisitions of the company using online business-based databases. The company
business models and managerial styles will also been investigated and taken into account
for the overall research question. The current relationship between the two countries will
be examined and discussed using reputable trade sources in addition to scholarly sources
and peer-reviewed articles.

Unclassified CIA papers will feature prominently in the final conclusions drawn
by the author, with the understanding at the onset of the potential for bias in the responses
and research found in said papers. These papers were selected because of their recent
declassification and the desire to understand why there are a number of people who are
either from Brazil or are affiliated with Brazil/Brazilian politics who hold the belief that
the CIA intervened in 1964 because of decisions being made by Multinational
corporations in the United States.

Literature Review:

US Intervention and the Creation of the CIA

A 1997 article published in the Journal of Conflict Resolutions stated that since
World War II, the United has, “not only intervened selectively [in third world nations]

6 Statement made after discussion with over fifty people who are either ex-pats from Brazil, lived in
Brazil for a period of five years or longer, or experts who are subject specialists of topics in Brazil.
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but also used various forms of intervention. The authors go on to list that of the 82 wars considered in their research, the US intervened in 6 through direct, large force, 21 indirectly via military weapons and advisers, and 10 economically and/or verbally (ibid). 45 were ignored, leading the authors to hypothesize that the stronger the emphasis of strategic interests and economic interests the US placed on a third world nation, the more likely they would intervene if a conflict should arise.

The study concluded with the formation of a model for US interventions in third world nations, theorizing that if a Soviet ally or communist sympathizer were intervening, then the US would counter unless domestic politics was of higher importance (i.e. around election time). The model also factored in the Vietnam-War syndrome and posed questions as to the duration of intervention, should a follow up study be conducted.

While the article questioned the nature of intervention the US would utilize when intervening in third world nations, it failed to address the concerns of business mergers and acquisitions around the time of interventions as a potential rationale for interceptive action.

Another article discussed the impact of the creation of the CIA and its mandate as it came to fruition under President Dwight Eisenhower. It was, “born from the collective memory of the surprise attack on Pearl Harbor, the realization that the national intelligence capacity needed improvement, and a growing fear of communism.” The Mandate of the CIA, as dictated in the National Security Act of 1947, was largely ambiguous and lacked any sort of specific actions and goals, beyond protecting the interests of the United States in foreign relations and nations. However, it should be noted that the word foreign does not appear directly in the National Security Act, as it was thought to be too limiting a phrase to contain. This is important because the CIA is essentially allowed to determine its own priorities in collaboration and consultation with the President of the US through the Director the Central Intelligence Agency. The author specifies that the language used in the original creation of the CIA was malleable due to the overriding fear of communism. “CIA excesses during the Cold War were excused if not encouraged by the drive to defeat communism...which created a situation of lax oversight to...let them do what they need[ed] to do to get the job done (ibid).”

This article provides the basis for CIA interventions and actions in foreign nations because once there is an understanding as to how the CIA works and what its purpose is

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11 Rhodri Jeffreys-Jones, Why Was the CIA Established in 1947?, in ETERNAL VIGILANCE? 50 Years Of the CIA 21, 25-29, 36
(or perhaps, what its purpose is not), it can be acknowledged that the CIA does indeed have some degree of clout to operate in foreign nations. The mandate was updated, challenged, and changed over the next several decades as the CIA participated and caused several international incidents and civilian deaths, but one of the most notable changes came through Executive Order 12,333 which authorized the CIA to participate in, "law enforcement activities to investigate or prevent clandestine intelligence activities by foreign powers, or international terrorist or narcotics activities."\(^\text{16}\) 9/11 again changed the goals and focus of the CIA, this time from Congress with the Intelligence Reform and Terrorism Prevention Act.\(^\text{17}\) This reform restructured the intelligence community with the creation of a Director of National Intelligence and mandated compliance with the US Constitution and Laws by the CIA, in addition to specifying the CIA’s role in foreign actions for the first time with the phrase, “outside the United States.”\(^\text{18}\)

This article again fails to address the hypothesis that this author is posing: that these interventions were not the result of communist fears but rather the protection of US business interests abroad. This hypothesis is further supported by this article through support of the CIA’s decision to intervene and take action to protect US interests abroad. What the article does not specify is what those interests are: business, economic, political, military, or something not listed.

**Case Study Selection:**

\(^{16}\) Exec. Order 12,333, supra note 12, at 59,951


\(^{18}\) IRTPA § 101 1 (to be codified at 50 U.S.C. § 403-4a(d)(1)).
Brazil was selected because of the extent of influence and interference by the Central Intelligence Agency of the United States and the CIA’s impact on regime changes in Brazil. It was also selected for its interest to the author and relevance to coursework being studied at the time of this paper. Furthermore, the idea that the United States would intervene in a country in the Western Hemisphere for business security seems one of logic and reasoning, if a link can be drawn between the companies being examined and key decision makers in the United States Government. The companies were selected for further examination because of their affiliation with corruption and other behaviour in the past coupled with acquisitions and mergers made either in Brazil or internationally around the 1960-1970 time period.

Case Study: Brazil and the Central Intelligence Agency

Brazil, a former colony of Portugal, gained its independence in 1822. It was a monarchy system until 1888 when it became a republic for a short period of time. The republic was changed to a presidential democracy system when President João Goulart was democratically elected in the 1960s. Today, Brazil is an independent federal republic under the leadership of President Dilma Rousseff and has the US as one of its top trade partners with $26.85 billion USD in annual trade per year.

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19 At the time of this report, Rousseff is being investigated over the Petrobras situation and there have been talks of criminal charges, but none have been formally brought against her.

20 As of 2014
Brazil started 1964 under the leadership of Goulart, a man believed to be a communist sympathizer by the United States and leading US administrators. The country would soon find itself under military control, assisted by the United States. US forces were supported by the United States Congress when the Brazilian Presidency was declared vacant, ending the democratic election that had placed Goulart in the office to begin with. In order to understand whether or not business decisions played a role in the changing Brazilian regime in 1964, the events leading up to the CIA-supported coup must be discussed. Janio Quadros, President of Brazil, resigned in 1961 and opened the position up to Goulart. However, 29 August found the Brazilian Congress vetoing a motion to place Goulart in power (supposedly a possibility due to support from military branch heads and many politicians) and instead moved the country to a parliamentary democracy with Goulart has acting President.

6 January 1963, Goulart changed the government back to a presidential democracy through a majority win of a referendum and he resumed charged of a country isolated from the West. 13 March 1964 Goulart announced his intention to nationalize the oil refineries and reform other areas of social policy such as rent controls. This led to a number of revolts including a protest march on 19 March 1964 by Praça de Sé, a

22 "US Role in 1964 Brazilian Military Coup Revealed". Dominion. Archived from the original on 2013-06-30. R
24 It is noted that Goulart became President regardless of the system of government being used, but in the interest of having a more free and fair system, Brazil’s governmental system was updated to reflect new goals of the country and its citizens.
25 "Centro de Informação de Acervos dos Presidentes da República - João Goulart" (in Portuguese); Result of open opposition to the failed invasion by US CIA forces at the Bay of Pigs
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Goulart called on the military to support the reforms he wanted to implement on 30 March 1964, but the military coup d’état took place the next day, removing Goulart from power under the grounds of communism. Humberto de Alencar Castelo Branco, chief of staff of the Brazilian Army circulated a letter approximately ten days before the military coup would take place, echoing American concerns of communism and the dangers socialist policies posed to alliances, society, and the future of Brazil (ibid). A section of the military completed the coup in less than 24 hours and Pascoal Ranieri Mazzilli was sworn in as acting President of Brazil. Goulart, still in the country, would spend the next two years weighing the potential success of a counterattack and would come to be President again a number of years later.

In recent years, the US has admitted to active intervention and interference in Brazil around the time of the 1964 coup. President Lyndon Johnson, US Ambassador to Brazil Lincoln Gordon, and Military Attaché Colonel Vernon A. Walters planned and encouraged the Brazilian military to overthrow Goulart and the left-wing government. This can be seen in the telegram sent from the Department of State to the Embassy in Brazil which was created 31 March 1964 and sent at 2:29pm. It mandated that the US

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26 SÃO PAULO PAROU ONTEM PARA DEFENDER O REGIME Folha de S.Paulo. March 20, 1964
27 "Os militares e o governo João Goulart - CPDOC - FGV" (in Portuguese).
28 http://history.state.gov/historicaldocuments/frus1964-68v3/d186
30 Kornbluh, Peter. BRAZIL MARKS 40th ANNIVERSARY OF MILITARY COUP GWU National Security Archive.
31 National Archives and Records Administration, RG 59, Central Files 1964–66, POL 23–9 BRAZ. Secret; Flash; No Distribution. Drafted by Adams and approved by Ball.
would be in a position to “render assistance at appropriate time” and listed the following provisions should “anti-Goulart forces” decide to take action:

1. Dispatch of US Navy tankers with an intent to arrive between 8 and 13 April; three tankers will follow in on e-day intervals should they be warranted
2. Immediate dispatch of naval task force for overt exercises including an aircraft carrier (anticipated date of arrival 10 April), four destroyers, two destroyer escorts, task force tankers (anticipated date of arrival 14 April)
3. 110 tons ammunition, light equipment including tear gas ready for shipment to Sao Paulo
4. 10 Cargo planes, 6 tankers, and 6 fighters prepared for launch 24-36 hours after final orders issued

The telegram concludes with a statement that the, “Dispatch of tankers from Aruba and of naval task force does not immediately involve us in Brazilian situation and is regarded by us as normal naval exercise." A press conference held on 2 April 1964 was recorded and transcribed by the US Office of the Historian in which the final paragraph described the end of a briefing being led by the Director of the CIA, Director McCone read as follows: “Secretary Rusk [Secretary of State] commented that if Brazil turned out the way it appears to be going [with a new President and ousting of Goulart], there would be a beneficial effect on the Cuban problem and on the political situation in

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32 198. Telegram From the Department of State to the Embassy in Brazil. Washington, March 31, 1964, 2:29 p.m.
33 198. Telegram From the Department of State to the Embassy in Brazil. Washington, March 31, 1964, 2:29 p.m.
During a briefing to the US Congress about the events that had taken place in Brazil, Secretary Rusk summarized the actions as follows: “Despite our efforts to persuade Goulart to follow a democratic reform program, and despite our efforts to support the Brazilian economy by making large loans, Goulart had moved toward the creation of an authoritarian regime politically far to the left.\(^\text{35}\) He went on to state several times that the US did not ‘engineer the revolt’ but that the revolt means the government and economy of Brazil will restructure and now have a hope of being successful (ibid).

Unclassified CIA documents provide further detail as to the conversations and motivations taking place amongst high-ranking US policy makers and military leaders. One telegraph, dated 28 March 1964 from Ambassador Gordon to the Department of State reads:

My considered conclusion is that Goulart is now definitely engaged on campaign to seize dictatorial power, accepting the active collaboration of the Brazilian Communist Party, and of other radical left revolutionaries to this end. If he were to succeed it is more than likely that Brazil would come under full Communist control, even though Goulart might hope to turn against his Communist supporters on the Peronist model which I believe he personally prefers.\(^\text{36}\)

\(^{34}\) [Link to document](http://history.state.gov/historicaldocuments/frus1964-68v3/d206)

\(^{35}\) [Link to document](http://history.state.gov/historicaldocuments/frus1964-68v3/d208)

Gordon goes on to say that most of the people in Brazil do not seem to be in favour of a communist regime, as they are protesting his leadership in the streets and actively condemning the decisions he has made. On 13 March 1964 there was a "syndicalist street rally in Rio" protesting the regime and the decisions made for nationalization and wealth distribution around the country.

Shell Oil Company (Royal Dutch Shell Corporation):

History of Shell:

Shell Oil Corporation is one of 199 companies acting under the Royal Dutch Shell plc. According to the company website, Shell Oil Corporation or Shell Global Oil Company started as an import/export business founded by Marcus Samuel in 1833 as a way to gain access to oriental shells from the Far East to use as part of his antique business. The business expanded and was passed along to brothers Marcus Samuel Jr. and Samuel Samuel. The two would become interested in an oil-exporting business based in Baku, Azerbaijan (Russia at the time) and commissioned a fleet of steamers to carry oil in bulk across the Suez Canal ibid). This decreased the cost of oil transportation and placed the growing company in direct competition with Rockefeller and American dominance on the oil production and trade. This early version of Shell was called the Tank Syndicate until 1897 when it was renamed the Shell Transport and Trading

38 Official company name largely depends on which website and/or which source is being examined. Official company website lists the US based company as Shell Global Oil Corporation while most academic articles have the company listed as Shell Oil Company or Shell Oil Corporation.
39 http://www.shell.com/global/aboutshell/who-we-are/our-history/the-beginnings.html
40 http://www.shell.com/global/aboutshell/who-we-are/our-history/the-beginnings.html
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Company (ibid). The brothers had a large dependence on Russian oil supplies and thus felt vulnerable to the changing political environment at the time, so they decided to find their own oil sources in yet another expansion. They collided with the Royal Dutch Petroleum while looking into the Far East for oil supplies, and the two merged in 1903 to form the Asiatic Petroleum Company to compete against Standard Oil, a rival company that was going through a break up at the time. The two companies underwent a full merger by 1907 with a 60-40 earning share (Royal Dutch and Shell, respectively) under the charge of Henry Deterding. This full merger was the result of a decision by the Royal Dutch to purchase the remaining shares (approximately 30% by this time). Together, the new company was able to rapidly expand around the globe and into the sports, aviation, and military arenas. Shell relocated its headquarters to Houston, Texas in 1970 and in 1989, the company's oil reserves grew exponentially from exploration and oil rigs in the Gulf of Mexico which led to the Mars oil field.

_Mergers of Shell Oil Corporation_

The Royal Dutch Shell originally formed two subsidiary companies in 1912: American Gasoline based in Seattle and Roxana Petroleum based in Oklahoma. In 1922 Shell Union Oil, a holding company that held 65% of Shell’s US Operations, was created. Belridge Oil was “substantially acquired” in 1979 and fully acquired in 1985. A


25% stake in Zeigler Col was purchased in 1992 (and subsequently sold in 1994) as a way to navigate stricter environmental regulations being imposed by the United States.\(^\text{45}\) Over the next decade or so, Shell underwent several agreements and ventures with companies including Amoco (later resulting in a merger with BP instead; formed Altura Energy), Permian Basin, and Mobil (which was later acquired by Exxon and formed Aera).\(^\text{46}\)

In 1998 Shell merged with Texaco in a joint-venture called Equilon. This venture eventually partnered with Saudi Aramco to form Motiva in an attempt to expand business geographically around the US (ibid). Shell also purchased Tejas Gas (Tejas Energy) in 1998, which lead to the creation of the Shell Energy Services.\(^\text{47}\) 2002 saw Shell acquire 100% ownership of Equilon which was renamed Shell Oil Products US and Motiva moved to a “50-50 joint venture” between Shell and Saudi Aramco. Shell also acquired Pennzoil-Quaker State the same year (ibid).

**Scandals of Shell:**

Shell has faced much controversy during its existence, including accusations of permanently damaging a population of people called the Ogoni in Africa. These human rights violations include “summary execution, crimes against humanity, torture, inhumane treatment and arbitrary arrest and detention.”\(^\text{48}\) In 2009, Shell agreed to pay a legal settlement to avoid going to court and without accepting the charges levied against Shell.

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\(^{45}\) [Link](http://cobrands.hoovers.com/company/Shell_Oil_Company/crxcri-t-1njhxk.html)

\(^{46}\) [Shell Oil Company](http://ezproxy.emich.edu/login?url=http://search.proquest.com/docview/230595426?accountid=10650)

\(^{47}\) [Link](http://cobrands.hoovers.com/company/Shell_Oil_Company/crxcri-1-1njhxk.html)

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them. Furthermore, Shell has been a subject of complaints and numerous external organization reports for its treatment or workers and the surrounding communities in the Niger Delta, notably with a distain for the environment and severely lagged response times to oil spills and other dangerous environment effects of oil spills (IBID). This situation came to a head in 2010 when a leaked cable from Shell included information about having placed Shell sympathizers in all levels of the Nigerian Government to know "everything that was being done in those ministries" from a top Shell Executive in Nigeria.49

Shell has had a few environmental disasters and spills, including the concept ideas to willingly and knowingly dispose of oil into the ocean when it becomes contaminated or corrupted50. The ‘Artic Project’ calls for drilling for oil in the Artic Ocean with a likely 75% chance of a major deep-sea oil spill before the end of the century.51 Greenpeace, an environmental activist lobbying group, shut down 53 Shell stations in July 2012 to protest the Artic Project in an attempt to get the world’s leaders to declare the North Pole a global sanctuary. 52 The project was on hold until the company can sort out a better way to address a major international deep-sea oil spill, but it resumed in June 2014 with the Executive Vice President publically saying that the project had never truly stopped, it was just paused. 53

50 Brent Spar’s long saga BBC News, 1998
51 Shell’s Arctic oil rig departs Seattle as ‘kayaktivists’ warn of disaster The Guardian 15 June 2015
52 Laurie Tuffrey. "Greenpeace activists shut down 74 UK Shell petrol stations". the Guardian.
53 Terry Macalister (30 January 2014). "Shell shelves plan to drill in Alaskan Arctic this summer". The Guardian.
ITT Corporation:

History of ITT:

The International Telephone and Telegraph Company (hereafter referred to as ITT unless otherwise noted) was founded in 1920 by Sosthenes and Hernand Behn, brothers who wanted to build a, “worldwide system of interconnected telephone lines.” The company was originally called the Puerto Rico Telephone Company, but as it grew through, “strategic acquisitions and the purchase of telephony patents” it changed the name. The ITT website refers to the next period of time, from 1960-1977 as the Conglomerate Years, as under the leadership of Harold Geneen over 350 companies were acquired. These acquisitions (including Sheraton Hotels, Avis Rent-a-Car, Hartford Insurance, Continental Baking, and more) grew the company from $760 million in annual sales over $17 billion USD. Today, ITT remains a major global company with its four operating segments, “industrial process, motion technologies, interconnects solutions, and control technologies.” Headquartered in White Plains, New York, the company would go through several name changes throughout its existence, moving from one company under the umbrella ITT to ITT Industries, Inc. to three separate, independent companies: ITT Corporation, ITT Hartford, and ITT Industries. Eventually, it would settle on the name IT Corporation in 2006, until it 2011 when its defense companies broke off into a

54 https://www.itt.com/About/History/
56 https://www.itt.com/About/History/
58 www.itt.com/About/History/
company called Exelil (later acquired by Harris Corporation), and a water technology business began to form in a company called Xylem Inc. 59

In 1964, Harold Geneen was the CEO of ITT. Known for his aggressive business behaviours, he would guide ITT in successful hostile takeovers of 300 companies.

Domestic acquisitions included Sheraton, Continental Baking, Avis Rent-A-Car, and Educational Services Inc. Foreign acquisitions include Kolster-Brandes, a UK defense contractor (IBID). Originally, ITT under Geneen focused solely on US companies, but an antitrust lawsuit over an attempted merger/takeover with ABC Television encouraged external acquisitions. 61

Scandals of ITT:

In 1933, ITT CEO Sosthenes Behn met with Adolf Hitler. It is believed that during this meeting, ITT subsidiaries promised cash payments to Heinrich Himmler, leader of the Schutzstaffel (SS, Protection Squadron, a paramilitary organization under Hitler) 62. ITT owned 25% of the primary German aircraft manufacturer, and the corporation sued Allied powers for the bombing of its plant for $27 million USD (and won). While the full extent of the plant could not be accurately calculated, the US company was blamed for

60 International Telephone and Telegraph Corporation at Funding Universe
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playing a part in the murders of thousands of people through their investment and manufacturing commitments.\(^{63}\)

ITT was suspected of bribing officials to hold the Republican National Convention in San Diego (Ancona 4). A $400,000 bribe was given to various members of the selection committee, but only $100,000 was disclosed properly. The bribe was uncovered by Jack Anderson, a journalist as an understanding that if the bribe were placed, there would be a favourable outcome to an antitrust legislation case that was making its way through the court system. A Senate investigation was opened, leading ITT to withdraw its support for the convention in San Diego (IBID). While ITT was cleared of all charges by the special prosecutor, the convention was moved to Miami for that year.

ITT owned 70% of Chitelco, a telephone company in Chile in the 1970s (Montgomery 1973). CIA documents released in 2000 suggested that ITT supported a military coup in the country for what appears to be a larger portion of the company and exclusivity to the Chilean market (IBID). The bombing of the ITT building in New York City on 28 September, 1973 was viewed as evidence supporting the idea that ITT was indeed helping to financially support a military coup in a foreign country.

**ITT and Brazil, 1964:**

ITT owned the main phone company of Brazil and when Goulart came to power, there was intense fear of the nationalization of the company, coupled with numerous speeches made by Goulart calling for the phone companies to do just that. Geneen was

good friends with John McCone, then Director of the CIA. Forty years after the military coup occurred, declassified documents and research conducted concluded that the CIA embarked upon numerous actions against Goulart after McCone and Geneen spoke about the situation and ramifications for Geneen’s company. The CIA engaged in, “psyops against Goulart, performed character assassination, pumped money into opposition groups, and enlisted the help of the Agency for International Development and the AFL-CIO.64 Interestingly, McCone would go to work for ITT in a high level position after his tenure at the CIA ended (IBID).

The last scandal to discuss is a more recent one in which ITT, or at least one of the companies it refers to itself as today was the first to be convicted under the US Arms Export Control Act for illegal trading with Singapore, the People’s Republic of China, and the United Kingdom.65 ITT violated US federal law for arms trading by trading with nations in manners not approved by the United States. Furthermore, bribes were given to numerous officials in an attempt by ITT not to be reported to authorities and to continue their trade relationships with these countries.

Brazil and the United States Today:

Today, there is a strained relationship between Brazil and the United States. The effects of the military coup and CIA support has left many in Brazil shaken by what the US will and will not do to protect their own interests, regardless if they are business or

government affiliated. The Federal Republic of Brazil is headed by President Dilma Rousseff as the chief of state and head of government. Operating under a market economy with a free price system, Brazil’s largest company is Petrobras, which was the country’s legal monopoly of oil until 1997. The US ranks as one of the top trade partners in Brazil’s $3,624 billion economy at $26,849,876,493 USD. The government controls approximately 56.6% of the economy, according to Global Edge Statistics, and has a corruption perception index of 68 out of 173. Brazil’s new position as one of, if not the, leader in Latin America has led to the need for more collaboration with the United States, but Brazil’s deepening of diplomatic and trade relations with Iran, Venezuela, and Russia, in addition to recognition of Palestine have postured the US away from favouritism.

Furthermore, the revelation that the US had been spying on Brazilian officials in July 2013 was met with hostility from the Brazilian government. The documents from Glenn Greenwald, journalist for the Guardian, revealed that Brazil was one of the largest targets in the US National Security Agency (hereafter referred to as the NSA unless otherwise noted) surveillance programme. Brazil denounced the agency and its mission, saying it would bring the issue before the United Nations for consideration and

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66 http://globaledge.msu.edu/countries/brazil
68 http://globaledge.msu.edu/countries/brazil/economy
69 http://globaledge.msu.edu/countries/brazil/tradestats
70 http://globaledge.msu.edu/countries/brazil/indices
71 Brazil: Iraq and U.S. guilty of disrespect United Press International
72 Attorney Admissions from January 1, 1985 to Present" (PDF). US Court of Appeals, 2nd Circuit.
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punishment for the United States.73 The NSA had been targeting the communications of Brazilian President Rousseff and top aids. The documents were brought to light by Edward Snowden in his leak of NSA records and described how the NSA would gain access to e-mails, telephone calls, and text messages between Rousseff and others.74 Rousseff spoke with US President Barack Obama once the revelations came to light saying, “personal indignation and that of my country regarding the alleged spying against the government, embassies, companies and Brazilian citizens by the National Security Agency of the United States.”75 She went on to say that this would set back relations between the two countries for years, with some of her colleagues going so far as to say that the relationship was now under threat. A direct result of this was the cancellation of meetings between the US and Brazil Presidents for nearly two years, increased criticism of the United States and its priorities with other countries, and a more outspoken Brazilian government about anti-US sentiments, actions, and alliances.

The US recognition over the Honduras election did nothing to ease the tension between the two countries, as Brazil was against the results saying they had been staged.76 The two countries are slowly working their way back towards mutual respect, but it will take much time before Brazil says they are ready to engage fully with the United States.

73 "Brazil to U.S.: Explain spying”. Politico.
74 "Rousseff consults cabinet on US spy claims”. China Daily.
75 "Entrevista coletiva concedida pela Presidenta da República, Dilma Rousseff, em São Petersburgo”. Palácio do Planalto.
76 Brazil Steadfast in Refusal Not to Recognize Honduran Election Fox News.
Data Analysis:

While much information was ascertained about the nature of the corporations studied and their influence and role throughout their existence, there is no support found in favour of the hypothesis. Most of the data collected was against the hypothesis, with even more articles and data points in favour of communism being the reason for intervention. With the exception of one source found, there is no mention of the engagement of business or intersection of business interests with the decision of the CIA to intervene. The reasons behind the hiring of the former CIA director may indeed just be one of friendship or competency, rather than as a perk to an interference in a foreign country.

Limitations of the Study:

The study relied heavily upon CIA documents to make the majority of the findings. While these documents were used to try and understand the true motivations behind the intervention, they do represent a severe bias in the search and the information that has been classified has been selected and approved by a committee, with many documents, sentences, and entire conversations still omitted from public knowledge. Furthermore, these documents only serve as to the official version of the events. It is more than possible that McCone did in fact decide to intervene in Brazil because of his allegiance and alliance with his friend who happened to be the CEO of ITT, but there is no evidence beyond the one report that would support that statement.
In order for the study to be true, there needs to be at least one additional source that can confirm the true motivations of the former CIA Director. It can be anticipated that there may be transcripts of those conversations, but more than likely the conversations needed to support the hypothesis, should they even exist, will remain redacted or happened informally where no one could record what was being said so that the true meaning would remain private.

Conclusion:

The null hypothesis is supported by the data and evidence found and presented in this report. Despite numerous conversations and rational beliefs that there would be a connection between international business interests and the intervention of the Central Intelligence agency in work abroad, there is nothing found to support this. Rather, there seems to be no tie to international business in the decision of the United States and the CIA to intervene and aid the removal of a communist regime in Brazil. Unlike in Iran when oil was at stake, there does not appear to be an item or commodity or motivating factor beyond the containment of communism policy for the intervention.

The hypothesis of this report was that the CIA interfered and assassinated the President of Brazil in 1964 because there was talk of a movement to nationalize the telephone company in Brazil, thus rendering the monopoly and service of ITT useless. ITT, being a major donor and backer of several high ranking politicians in the United States, was able to use its influence and lobbying abilities to encourage the United States
government to remove their foreign problems and secure their headquarters in the US. However, cursory examination of the literature showed that this was not there. What was there was CIA support of the military coup and the idea that ITT was only in it for the nationalization and the Goulart administration.

There is no support that this is the influence of business as one source by a scholar is not confirmation of a larger conspiracy for motivation of intervention.

**Additional Questions:**

Further research needs to be done looking at other companies operating in the region during this time. There may have been other companies in the country which would have better supported the hypothesis, had they been selected instead of Shell. Further digging into ITT and its record, should they still exist after all of the mergers and acquisitions, would also supply information as to where cash bribes may have been placed (if there were any during this time period), conversation transcripts (should they exist) and more items along those lines.

More work with support from scholars also needs to be done. There are many pieces of literature supporting the hypothesis of intervention because of communism, but perhaps other works exist claiming a rationale that is neither communism nor business interests. If so, how those theories play into the modern relationship between Brazil and the US would be worth exploring more.
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There are many questions this report does not answer, but the question of support for the null hypothesis has been answered clearly and is well documented and evidenced in the found research.