

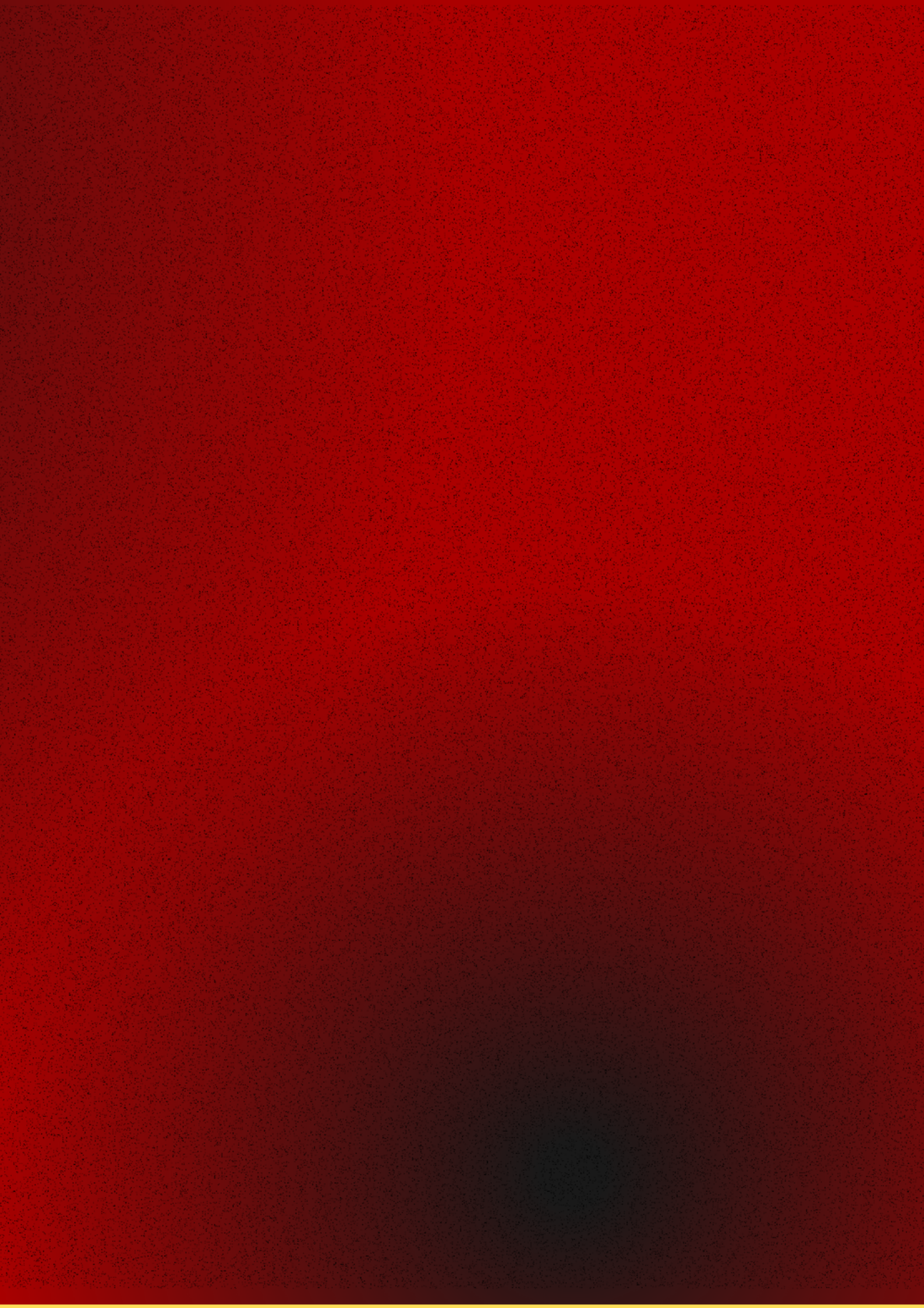
The Partnership that Never Was

**A Brief History of Brazilian diplomatic
relations with the Third Reich**

Vinícius Bivar



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Vinícius Bivar

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Autor: Vinícius Bivar

Parecerista: Marcos Eduardo Meinerz

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Universidade de Brasília

Instituto de Ciências Humanas

Campus Darcy Ribeiro, ICC Norte, Bloco B, Mezanino,

CEP: 70.910-900 — Asa Norte, Brasília, DF

Contato 61 3107-7371

Website caliandra.ich.unb.br

E-mail caliandra@unb.br

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The Partnership that Never Was

Introduction

The years 1937 and 1938 represent a significant shift in diplomatic relations between Germany and Brazil. Within a short period — from late 1937 to mid-1938 — a diplomatic crisis resulted in the mutual expulsion of ambassadors and a suspension of relations that persisted until the onset of the Second World War. Prior to November 1937, the prospect of such a rupture appeared unlikely. By that period, Germany had emerged as Brazil's principal supplier of imports, overtaking the United States in economic significance. Moreover, Brazilian officials engaged in sustained dialogue with the German political police, the Gestapo, with the aim of investigating the feasibility of incorporating their methods and structure in Brazil's own political police apparatus. Concurrently, the two countries had extended their trade agreement in 1936, a decision made in defiance of explicit objections and diplomatic pressure from the United States.

This study, derived from the master's thesis defended at Columbia University, investigates the underlying factors that precipitated the sudden and significant shift in bilateral relations between Germany and Brazil, ultimately leading to Brazil's alignment with the Allies during the Second World War in 1942. It situates this transformation within the broader historical context of the years spanning from 1930, marked by the ascension of Getúlio Vargas to the presidency of Brazil, to 1942, when Brazil formally entered the global conflict. By exploring this twelve-year period, the study aims to analyze the interplay of political, economic, and ideological forces that reshaped Brazil's foreign policy trajectory, examining the evolution of its relationships with both Germany and the United States as well as the broader implications for Brazil's role in the hemispheric dynamics of the era.

Since the 1960s, historians have conducted extensive analyses of the triangular relationship between Germany, Brazil, and the United States. Early interpretations often attributed the deterioration of German-Brazilian relations to U.S. imperialism, framing Brazil's shift toward the United States as a direct outcome of American economic and geopolitical hegemony.¹

In 1980, Gerson Moura presented a critical reassessment of this narrative in his seminal work, *Autonomia na Dependência*. Moura proposed the concept of “pragmatic equidistance”, arguing that Brazil's rapprochement with Germany represented a deliberate strategy by Vargas to strengthen Brazil's leverage on the international stage, rather than a passive reaction to external influences. Moura's framework has since become central to the study of the triangular relations between Germany, Brazil, and the United States.² Nevertheless, subsequent Brazilian historiography has diverged from systemic models, emphasizing more nuanced and specialized approaches.

Between 1980 and 2015, two distinct historiographical trends can be identified. The first of these

¹ These early works were influenced by Lenin's theory of imperialism and Gramsci's perspective on hegemony. It corresponded to the first Marxist wave in Brazilian academia.

² Gerson Moura, *Autonomia na Dependência: A Política Externa Brasileira de 1935 a 1942* (Rio de Janeiro: Nova Fronteira, 1980), 63.

trends was centered on the economic history of German-Brazilian relations, as exemplified by Marcelo de Paiva Abreu's *Brasil e a Economia Mundial 1930-1945*. Abreu investigates German-Brazilian relations through the framework of international trade and currency policies, emphasizing the economic foundations of diplomatic strategies.³ Ricardo Seitenfus provides a complementary perspective, incorporating political and cultural dimensions, such as immigration, while maintaining a primary focus on economic factors.⁴ These studies underscore the centrality of trade agreements, monetary strategies, and economic interdependencies in shaping bilateral relations.⁵

The second trend privileges cultural history, particularly identity formation, immigration, and the experiences of the German diaspora in Brazil. Ana Maria Dietrich's *Nazismo Tropical? O Partido Nazista no Brasil* (2007) explores the dissemination and adaptation of Nazi ideology among German immigrants in southern Brazil.⁶ Dietrich's analysis highlights the ideological modifications required to situate Nazism within the Brazilian context, though it only marginally engages with the diplomatic aspects of German-Brazilian relations. These cultural histories foreground social and ideological dynamics while frequently relegating economic and diplomatic considerations to the periphery.⁷

These accounts share the predilection for the nation as the main category of analysis, situating German-Brazilian relations within the broader narrative of Brazil's national history, a trend mirrored in the German and American historiographies.

For instance, Hans-Adolf Jacobsen's *The Nazi Party and the German Foreign Office* delves into the internal bureaucratic mechanisms within Germany, focusing primarily on the organizational structure and competing power dynamics within the Nazi regime. This analysis, however, tends to overlook the broader international context and the influence of external actors on German foreign policy.⁸ Similarly, studies of the U.S. Good Neighbor Policy, such as those by Frederick Pike, Julius Pratt, and David Mayers, center on U.S. relations with Latin America, often emphasizing the policy's strategic objectives in consolidating American hegemony in the region. These works examine the policy as a tool to advance U.S. geopolitical and economic interests, while downplaying the complex interactions and agency of Latin American states within this framework.⁹

³ Marcelo de Paiva Abreu, *Brasil e a Economia Mundial: 1930-1945* (Rio de Janeiro: Civilização Brasileira, 1999).

⁴ Ricardo Seitenfus, *A Entrada do Brasil na Segunda Guerra Mundial* (Porto Alegre: Editora Pontifícia Universidade Católica do Rio Grande do Sul-EDIPUCRS, 2000).

⁵ Seitenfus can also be interpreted as part of a diplomatic history tradition that includes works from José Honório Rodrigues, Clodoaldo Bueno e Amado Cervo.

⁶ Ana Maria Dietrich, *O Nazismo Tropical? O Partido Nazista no Brasil* (PhD diss.: Universidade de São Paulo, 2007).

⁷ Dietrich was not the first scholar to address this subject. Prior to her work, René Gertz made significant contributions to the field through a series of important publications. However, Dietrich's book marked the beginning of a broader scholarly discourse on German immigration, which has since gained prominence within Brazilian historiography. Subsequent contributions to this area of study include Taís Campos Lucas's doctoral dissertation, *Nazismo d'além mar: conflitos e esquecimentos* (Universidade Federal do Rio Grande do Sul, 2011).

⁸ Hans-Adolf Jacobsen and Arthur Smith Jr., *The Nazi Party and the German Foreign Office* (New York: Routledge, 2007).

⁹ See: Frederick Pike, *FDR's Good Neighbor Policy* (Austin: University of Texas Press, 1995); Julius Pratt, *A History of United States Foreign Policy* (Englewood Cliffs: Prentice-Hall, 1955); David Mayers, *FDR's Ambassadors and the Diplomacy of Crisis* (Cambridge: Cambridge University Press, 2013).

Jürgen Müller and Max Paul Friedman, on the other hand, offer more integrative approaches to the study of German-Latin American relations. Müller situates Germany's engagement with Latin America within the broader context of its domestic political developments, using case studies from several Latin American countries, including Brazil, to illustrate how internal German political shifts influenced Germany's foreign policy for the region.¹⁰ Friedman, in contrast, adopts a geopolitical perspective, framing Latin America as a strategic battleground between Nazi Germany and the United States. He highlights the region's role as a space of ideological and strategic rivalry, where both powers sought to expand their influence.¹¹ While Müller prioritizes understanding the German perspective and its impact on the region, Friedman foregrounds the broader ideological conflict between Nazi Germany and the United States, with Latin America serving as the backdrop for this intense geopolitical struggle.

This study builds upon the works of Müller and Friedman by adopting a transnational approach that draws from the perspectives of Germany, Brazil, and the United States, to understand the interconnectedness of their diplomatic and geopolitical strategies. While Friedman emphasizes the ideological conflict between Nazism and the United States, this analysis places greater emphasis on Brazil's active role in shaping the dynamics of the triangular relationship between the three nations. By focusing on Brazil's agency, the study highlights how the country navigated its diplomatic choices, balancing competing external pressures while asserting its own national interests. Brazil's agency is crucial not only for understanding the consolidation of a U.S.-led sphere of influence in Latin America, but also for elucidating the broader geopolitical shifts in the region that paved the way for Brazil's eventual entry into the Second World War on the side of the Allies. This approach allows for a more nuanced exploration of the intersection between domestic political factors, international alliances, and strategic decisions, offering insights into the role Brazil played in the shifting landscape of Latin American and global geopolitics in the interwar period.

The research is based on a range of primary sources gathered from archives in Berlin, Rio de Janeiro, and Washington. These sources include materials from the *Auswärtiges Amt Politisches Archiv* (German Foreign Office Archives), the *Arquivo Histórico do Itamaraty* (Brazilian Foreign Ministry), and the Foreign Relations of the United States (FRUS) database. In addition to official documents, personal papers — such as those of Joachim von Ribbentrop, Ernst Wilhelm Bohle, Getúlio Vargas, and Oswaldo Aranha — complement the formal records. These personal documents provide insights into the individual and institutional dynamics that shaped diplomatic decisions, revealing the complexities of the relationships between the key actors involved.

The analysis is organized into four chapters. The first chapter examines the period from 1930 to 1934, focusing on the institutional transformations in Germany, Brazil, and the United States and their implications for migration, economic depression, and the rise of anti-liberal ideologies. The

¹⁰ Jürgen Müller, *Nationalsozialismus in Lateinamerika: Die Auslandsorganisation der NSDAP in Argentinien, Brasilien, Chile und Mexiko, 1931-1945* (Stuttgart: Heinz, 1997).

¹¹ Max Paul Friedman, *Nazis & Good Neighbors* (Cambridge: Cambridge University Press, 2003).

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second chapter explores the years 1934 to 1937, addressing whether the strengthening of German-Brazilian relations undermined U.S. influence in Brazil. This chapter considers trade agreements, U.S. responses, and Brazil's position in the ideological contest between Nazism and the Good Neighbor Policy. The third chapter analyzes the period from November 1937 to August 1938, highlighting the impact of the *Estado Novo* dictatorship on German-Brazilian relations, including issues related to German immigrants and the reorganization of German foreign policy. The final chapter examines how the crises of 1937–1938 weakened Germany's position in Brazil, enabling the United States to expand its influence during the early years of the Second World War. It also considers the evolution of Brazilian neutrality and the cultural initiatives of the United States to promote Pan-American solidarity.

1. The Foundations of the German–Brazilian Partnership

This chapter explores the early stages of German-Brazilian relations, foundational elements that favored the rapprochement between Germany and Brazil in the 1930s. It begins with a discussion of German immigration to Brazil, a key factor in shaping cultural and social connections between the two nations. The analysis then turns to the 1930 Revolution and the first years of Getúlio Vargas' presidency, a period of political consolidation that set the stage for Brazil's evolving foreign policy. The chapter examines the establishment of the German-Brazilian partnership, emphasizing the economic and diplomatic initiatives that facilitated closer ties.

The rise of Adolf Hitler marks a turning point in the bilateral relationship, introducing new ideological elements into the partnership. This section examines how Nazi ideology influenced German-Brazilian interactions and reshaped the dynamics between the countries. Finally, the chapter introduces the concept of the U.S. Good Neighbor Policy, highlighting the increasing American influence in Latin America and its implications for Brazil's international relations. Together, these sections provide a comprehensive analysis of the political, economic, and ideological factors that shaped the relationship between Germany and Brazil during this critical period.

German Immigration and the Arrival of Nazism in Brazil

Immigration from the territories that would later form Germany to Brazil predates the establishment of the German state itself. The earliest waves of German immigrants began arriving in Brazil in 1824, primarily from the regions of Hunsrück, Saxony, and Württemberg. These immigrants were integral to the creation of the colony of São Leopoldo, located in the rural areas of the State of Rio Grande do Sul.¹² This migration was part of a broader European settlement movement aimed at populating the southern regions of Brazil, which were sparsely inhabited at the time. The German settlers, who were often recruited through government initiatives designed to stimulate agricultural development, contributed significantly to the demographic and economic shaping of the region. Over time, their presence in Brazil would evolve from small-scale rural settlements to larger, more established communities that would play a role in the political, cultural, and economic exchanges between Brazil and Germany in the late 19th and early 20th centuries.¹³

Immigration patterns varied significantly across different regions. In states such as Paraná,

¹² Emílio Willems, "A aculturação dos Alemães no Brasil," in *Estudo antropológico dos imigrantes alemães e seus descendentes no Brasil* (São Paulo, Editora Nacional, 1980), 38-39.

¹³ Angelo Priori et. al., *História do Paraná: séculos XIX e XX* (Maringá: EDUEM, 2012), 37, accessed November 10, 2015, <http://books.scielo.org/id/k4vrh/pdf/priori-9788576285878-04.pdf>

colonies were often multicultural, composed of several ethnic groups. In contrast, in Rio Grande do Sul, German, Italian, and later Polish communities formed more ethnically homogenous colonies. German communities, however, maintained a distinct rural character, which contributed to their social and cultural isolation from broader Brazilian society.¹⁴ This feature contrasts, for instance, with the distribution of Italian communities across Brazil. Brought to the country to assist in the coffee plantations and as labor force for Brazil's burgeoning industry, Italians immigrants tended to settle closer to larger urban centers in southeastern region of Brazil, most notably São Paulo and Rio de Janeiro.¹⁵ This rural settlement pattern of German communities contributed to the difficulties faced by the Brazilian government in integrating German communities. Although the issue of integration was recognized in the 19th century, it was only in the final years of World War I that the Brazilian government began to implement measures aimed at enforcing the integration of German colonists. Among the measures were the closure of German-language newspapers, restrictions on the use of German in everyday communication, and the introduction of mandatory Portuguese language classes. However, these policies proved temporary and had limited long-term impact, as German communities in Brazil reverted to their previous practices during the 1920s.¹⁶

By 1933, approximately 154,000 Germans had immigrated to Brazil, with around 75,000 arriving in the wake of World War I. The economic and political instability of the Weimar Republic, coupled with the effects of the Great War, prompted many Germans to seek new opportunities in the Americas. This most recent wave of German immigration to Brazil coincided with the rise of the National Socialist German Workers' Party (NSDAP), or Nazi Party, in Germany. Some of these newly arrived immigrants witnessed first hand the Nazi agitation of the early years of the Weimar Republic and came to their new homes harboring sympathies for the emerging party led by Adolf Hitler. In the United States, for instance, evidence of the formation of groups of Nazi sympathizers date back to 1926, as demonstrated by correspondence exchanged between German immigrants willing to replicated Nazi experiment among German-Americans.¹⁷ In Brazil, Nazi-sympathetic groups began to form in around 1928, though there is no evidence to suggest that these groups were officially recognized as formal branches of the National Socialist German Workers' Party (NSDAP) prior to 1934.¹⁸ Nevertheless, these groups maintained ongoing communication with high-ranking members of the Nazi Party in Germany, voicing their admiration and ideological alignment with Hitler's movement. Although the party headquarters in Munich resisted acknowledging these groups as representatives of the NSDAP abroad, Nazi leaders

¹⁴ Gertz notes the isolation or "lack of national spirit" was already a preoccupation of the Brazilian legislators in the 19th century. See: René Gertz, *O Perigo Alemão* (Porto Alegre: Editora da Universidade/UFRGS, 1991), 13-14.

¹⁵ Most of the Italian immigration was associated with the coffee economy, leading to a concentration of individuals in the in the Southeast of Brazil. Access to urban areas were more common, therefore favoring integration.

¹⁶ Frederick Luebke, *Germans in Brazil: a Comparative History of Cultural Conflict during World War I* (Baton Rouge: Louisiana State University Press, 1987)

¹⁷ Hans-Adolf Jacobsen and Arthur L. Smith Jr., *The Nazi Party and the German Foreign Office* (New York: Routledge, 2007), 8.

¹⁸ Ana Maria Dietrich, *O Nazismo Tropical? O Partido Nazista no Brasil* (PhD diss., Universidade de São Paulo, 2007), 70.

welcomed their support. By cultivating connections with sympathetic individuals and organizations in the Americas, the Nazi Party sought to channel funds and resources that could bolster its political activities in Germany. This financial backing, often derived from donations and fundraising efforts organized by Nazi sympathizers, helped sustain the party's operations during its early years, at a time when its domestic support base was still consolidating.¹⁹

These groups of Nazi sympathizers were treated with similar indifference by Brazilian authorities in the 1920s and early 1930s. Particularly after the coup that brought Getúlio Vargas to power in Brazil in 1930, the issue of the assimilation of German communities was relegated the status of a minor concern in the agenda of the new regime. Instead, Vargas concentrated his efforts on consolidating his authority, addressing the economic fallout from the Great Depression, and neutralizing political opposition, particularly from the workers' movement and established elites removed from power by his coup. As a result, local groups identified with the NSDAP were able to conduct their activities with relative ease, largely unchallenged by Brazilian authorities.²⁰

The 1930 Revolution: Early Years of the Vargas Administration

In 1929, Brazil faced a dual crisis — economic and political — that severely impacted the country's stability. Economically, the global downturn following the Wall Street Crash caused a dramatic fall in the prices of coffee, Brazil's main export and centerpiece of its commodity oriented economy. Politically, the longstanding power-sharing arrangement between the states of São Paulo and Minas Gerais, known as the *política do café com leite*, began to unravel. This system, in which the two states alternated control of the presidency, collapsed in the face of mounting tensions derived from the attempt by São Paulo's political elites to retain the presidency for an additional term, thus violating the *café com leite* arrangement.²¹ In response, the political oligarchs from the state of Minas Gerais joined the *Aliança Liberal* (Liberal Alliance), opposition initiative spearheaded by the political elites from the state of Rio Grande do Sul, to put forward Getúlio Vargas as their presidential candidate. Vargas, a prominent figure in Rio Grande do Sul politics, had established himself as a rising star in local political circles. Elected a congressman in 1923, Vargas quickly became the leader of the *gaúchos* in the Brazilian Congress.²² In 1926, he was appointed as Minister of Finance by President Washington Luís, and two years later, he became the governor of Rio Grande do Sul.²³

¹⁹ Although Ana Maria Dietrich refers to the circle of Nazi sympathizers in southern Brazil as the “Nazi Party”, there is no evidence to substantiate their recognition as an official Nazi Party abroad before 1934. Their activities resembled those of similar groups in the United States, as described by Jacobsen and Smith Jr. (pp. 8), functioning as informal support networks that engaged with Nazi leadership in Germany but did not achieve formal affiliation until later.

²⁰ For a more detailed analysis of this period see: Ana Maria Dietrich, *O Nazismo Tropical? O Partido Nazista no Brasil* (PhD diss., Universidade de São Paulo, 2007).

²¹ For information on the First Brazilian Republic or Old Republic see: Angela de Castro Gomes, *A República no Brasil* (Rio de Janeiro: Nova Fronteira, 2002); Jorge Ferreira and Lucilia Delgado, ed., *O tempo do liberalismo excludente; da Proclamação da República à Revolução de 1930* (Rio de Janeiro: Civilização Brasileira, 2003.)

²² *Gaúcho* is a term commonly used in Brazil to refer to someone born in the state of Rio Grande do Sul.

²³ For more information on Vargas' political career prior to 1930 see: Gunter Axt, “The Origins of an ‘Enigma’: Getúlio Vargas, Rio Grande do Sul's decaying coronelismo, and the genesis of the interventionist State before the 1930 Revolution”, in *Vargas and Brazil: New Perspectives*, ed. Jens R. Hentschke (New York: Palgrave Macmillan, 2006) 31-54.

The 1930 elections were held on March 1, with Vargas' rival, Júlio Prestes, being declared the victor on May 21. However, allegations of fraud surrounding the election immediately surfaced, with Vargas and his allies accusing the government of manipulating the results. This was not the first time that electoral fraud had marred Brazilian elections, as instances of electoral manipulation had been frequent throughout the early 20th century. One particularly emblematic case occurred in Inhaúma, near Rio de Janeiro, where 1,568 votes were invalidated due to fraud, including cases of individuals voting multiple times and others ineligible to vote according to income criteria.²⁴ Such irregularities prompted over 200 reports of fraud from Vargas' supporters across the country, including in the states of Amazonas, Pará, Bahia, Maranhão, and Espírito Santo.²⁵ The widespread dissatisfaction with the electoral process, combined with the economic crisis and a lack of trust in the republican institutions, provided fertile ground for a revolutionary movement.²⁶ The situation escalated after the assassination of João Pessoa, Vargas' candidate for vice president, and in early October 1930, revolts broke out in several states. These revolts, led by lower-ranking military officers and coffee producers dissatisfied with the federal government's handling of the crisis, coalesced into a movement that culminated in Vargas' rise to power in early November 1930.

Vargas' provisional government, which lasted until 1934, reflected the influence of Rio Grande do Sul's political culture. Vargas was a disciple of Júlio de Castilhos, the first governor of the state, who is often credited with creating Brazil's first system of authoritarian governance. Castilhos, inspired by Auguste Comte's positivism, advocated for the centralization of political authority and the elimination of the influence of political factions, which he believed hindered the efficiency of government.²⁷ Under Castilhos' vision, the executive branch held legislative powers, reducing the role of local parliaments to mere regulatory bodies.²⁸ Vargas, similarly, argued that in times of crisis, strong leadership was essential to overcoming political chaos, a sentiment he had expressed as early as 1919 when he pointed to European leaders such as Georges Clemenceau and David Lloyd George as models for Brazilian governance.²⁹ Following the success of the revolution, Vargas swiftly moved to consolidate his power by dissolving Congress and replacing state governors with "interventores" (intervenors), allies appointed by the president to run the local administration. Although a brief return to constitutional normalcy occurred in 1934, Vargas ultimately restored

²⁴ "A apuração das Eleições no Distrito Federal," *Correio da Manhã* (Rio de Janeiro) 10827, April 12, 1930 accessed November 12, 2015, http://memoria.bn.br/DocReader/docreader.aspx?bib=089842_04&pasta=ano%20193&pesq=

²⁵ "Os reconhecimentos de Poderes na Camara," *Correio da Manhã* (Rio de Janeiro) 10835, April 22, 1930 accessed November 12, 2015, http://memoria.bn.br/DocReader/docreader.aspx?bib=089842_04&pasta=ano%20193&pesq=

²⁶ Thomas Skidmore, *Brazil: Five Centuries of Change* (Oxford: Oxford University Press, 2010), 109.

²⁷ The debate on Castilhos' influence in both of Brazilian dictatorships, 1937 and 1964, is vast, however three works summarize well the key arguments of the various perspectives, namely Décio Freitas, *O homem que inventou a ditadura no Brasil* (Porto Alegre: Sulina, 1999), Joseph Love, *Rio Grande do Sul and Brazilian Regionalism, 1882-1930* (Stanford: Stanford University Press, 1971) and Jens Hentschke, *Positivism gaúcho-style: Julio de Castilhos's Dictatorship and its impact in State and Nation-Building in Vargas's Brazil* (Berlin: Verlag für Wissenschaft und Forschung, 2004)

²⁸ For more information on the connection between Vargas and positivism see: Hentschke, 2004

²⁹ Getúlio Vargas speech at Rio Grande do Sul's Assembly, November 7, 1919, *Discursos Parlamentares Gaúchos* (Porto Alegre: Assembleia Legislativa), 145, accessed October 16, 2015, <http://www2.al.rs.gov.br/biblioteca/LinkClick.aspx?fileticket=KH4W2UskhBk%3D&tabid=3101&language=pt-BR>

centralization in 1937, solidifying the authoritarian trajectory of his regime.

Vargas' vision of national unity was also shaped by Castilhos' positivist ideas, which emphasized the importance of a government above class, free from the influence of special interests.³⁰ Castilhos, for example, had promoted economic policies in Rio Grande do Sul that sought to avoid the emergence of social privileges and political instability.³¹ Similarly, Vargas' government sought to create national harmony, particularly through policies that favored the urban working class.³² In his inaugural speech, Vargas called for the creation of a "Ministry of Instruction" to promote public education and a "Ministry of Labor" to defend the interests of workers.³³

These measures were designed to address what Vargas identified as the "social question" — a term that referred to the growing disparities between the wealthy elite and the urban working classes, and a concern already central to the *Aliança Liberal's* platform. The Alliance's agenda also included proposals to limit immigration, especially until Brazil recovered from the economic impacts of the great Depression.³⁴ On December 12, 1930, Vargas' government issued Decree No. 19.482, which restricted the entry of third-class passengers into the country, though it did not affect immigrants already residing in Brazil.³⁵

Vargas' economic policies were aimed at restructuring Brazil's economy to reduce its dependence on coffee exports and to foster industrialization. This agenda, while addressing Brazil's economic woes, also served a political function: it weakened the dominant position of São Paulo in the federal structure by promoting industrial interests, particularly in the southern states. The emphasis on national unity, industrialization, and the strengthening of state power were key components of Vargas' broader political project. These policies would play a crucial role in shaping his foreign policy direction in the early 1930s, especially his rapprochement with Nazi Germany. The emphasis on state-led industrialization and national unity underpinned Brazil's shift in foreign policy, marking the beginning of a process that would culminate in Brazil's entry into the Second World War in 1942.

The foundations of the German-Brazilian Partnership

In the initial years of his presidency, Getúlio Vargas concentrated on establishing both domestic and international legitimacy for the 1930 Revolution while simultaneously addressing the pressing

³⁰ Hentschke, 43.

³¹ Sandra Pesavento, "Rio Grande do Sul, 1890-1930: A idéias da indústria," *Análise Econômica* 4, no. 7 (November, 1986): 3-20 accessed November 16, 2015. <http://seer.ufg.br/index.php/AnaliseEconomica/article/view/10253/5988>

³² Perspective also defended by: Axt, 47.

³³ Getúlio Vargas, "Discurso de posse pronunciado por ocasião de sua posse como chefe do governo provisório," November 3, 1930. Accessed November 18, 2015. <http://www.biblioteca.presidencia.gov.br/ex-presidentes/getulio-vargas/discursos-de-posse/discorso-de-posse-1930/view>

³⁴ "Leitura da Plataforma Liberal na esplanada do Castello" *Jornal do Brasil* (Rio de Janeiro), January 3, 1930, accessed November 18, 2015. <https://news.google.com/newspapers?id=oqX8s2k1IRwC&dat=19300103&printsec=frontpage&hl=pt-PT>

³⁵ Decreto no 19.482, December 12, 1930. Accessed November 18, 2015. <http://www2.camara.leg.br/legin/fed/decret/1930-1939/decreto-19482-12-dezembro-1930-503018-republicacao-82423-pe.html>

need for Brazil's economic recovery. Despite the unfavorable economic climate created by the Great Depression, Vargas made clear his intention to uphold Brazil's international commitments, signaling a sense of stability and reliability to foreign governments. This deliberate diplomatic strategy proved effective, as it garnered recognition of the provisional government from multiple nations. Notably, the United States, one of Brazil's key international partners, formally acknowledged Vargas' administration before the close of 1930, reflecting the success of his efforts to secure legitimacy on the global stage.³⁶

Domestically, however, the economic challenges posed by the Depression required greater concern. Brazil's primary export, coffee, experienced a sharp decline in price in the market of its main trading partner, the United States, dropping from 22.5 cents per pound in 1929 to 8 cents in 1931.³⁷ Compounding this crisis, the record coffee harvests of 1928, 1929, and 1930 resulted in an average production increase of 48% compared to 1927, exacerbating the oversupply.³⁸

The Brazilian president was well aware of the centrality of coffee exports to the Brazilian economy.³⁹ Although Vargas' administration signaled intentions to industrialize Brazil in the long term, significant structural changes were not immediately feasible unless he tackled the more pressing issue of stabilizing the prices of coffee beans.⁴⁰ Consequently, the government adopted the "policy for the valorization of coffee" as a short-term measure devised to stabilize the economy in the short-term. This strategy entailed regulating coffee cultivation, purchasing surplus stocks, and destroying excess production to artificially manage supply and support international market prices. Rather than representing a departure from the goal of industrialization, this policy underscored the administration's pragmatic response to the immediate economic challenges posed by the Great Depression.

Vargas also recognized that diversifying Brazil's trade partnerships was critical to safeguarding its economic interests. The Brazilian president voiced his desire to review and expand Brazil's trade partnerships during a dinner offered to foreign representatives in July 1931, in which he emphasized the importance for the new government of ensuring a stable and secure political and economic transition. He called for the revision of commercial agreements to establish clear, equitable, and mutually beneficial economic policies, which he argued were essential for fostering confidence in

³⁶ The Secretary of State to the Ambassador in Brazil (Morgan), November 7, 1930, Foreign Documents of the United States (1930), American Republics, v.1, 450-451

³⁷ Richard Bourne, *Getúlio Vargas of Brazil, 1883-1954: Sphinx of the Pampas* (London: Charles Knight, 1974), 50.

³⁸ Growth calculated based on the quantities produced in tons. Source: Instituto Brasileiro de Geografia e Estatística (IBGE), "Área colhida, quantidade produzida e valor da produção de café (1920-87)" in *Tabelas setoriais – agropecuária*. Accessed November 18, 2015. <http://seculoxx.ibge.gov.br/economicas/tabelas-setoriais/agropecuaria>

³⁹ Marcio Alvarenga Jr. and Fernando de Mattos, "A política econômica dos anos 1930: evidências de uma heterodoxia consciente," in *Anais 41º Encontro Nacional de Economia* (December 2013): 2, accessed November 18, 2015. http://www.anpec.org.br/encontro/2013/files_I/i3-56105375b0a46bbc46aaf57b18555ceb.pdf

⁴⁰ The argument of intentionality of industrialization policies is advanced by: Pedro Cezar Dutra Fonseca, "Sobre a intencionalidade da Política Industrializante do Brasil na década de 1930" in *Revista de Economia Política* 23, no. 1 (Spring 2003): 133-148, accessed November 18, 2015. <http://rep.org.br/PDF/89-9.PDF>

Brazil's market.⁴¹ By the close of 1931, Brazil had successfully negotiated new trade agreements with 16 countries, incorporating the "most favored nation" clause as a cornerstone of these arrangements. This clause ensured that any favorable trade terms extended to one partner were automatically applied to all other trade partners holding the same status, thereby reducing barriers to trade, particularly those affecting Brazilian coffee exports.⁴²

Among these agreements, Brazil's negotiations with Germany stood out for their distinct characteristics. The 1931 German-Brazilian agreement excluded products of specific interest to Brazil, including coffee, prompting Brazilian diplomats to pursue additional protocols for these goods.⁴³ While Brazil enjoyed a favorable balance of trade with Germany, it accounted for only 1.7% of German imports by 1932.⁴⁴ However, 1932 marked a shift in bilateral trade relations. Brazilian and German negotiators proposed a barter system involving the direct exchange of Brazilian coffee for German coal. This arrangement was intended to enhance the competitiveness of Brazilian coffee in the German market while mitigating the risks associated with the instability of the German mark.⁴⁵

The impact of this unconventional agreement became evident by 1933. Although Brazil's share of German imports decreased slightly to 1.6%, its contribution to German exports doubled during the same period. Despite the modest scale of these figures, the increase in German exports to Brazil from 0.8% in 1932 to 1.6% in 1933 indicates a deliberate effort by the Brazilian government to deepen its commercial ties with Germany.⁴⁶

A New Era for German-Brazilian Relationship

On January 30, 1933, German President Paul von Hindenburg appointed Adolf Hitler as Chancellor of Germany. Like many politicians of the time, Hindenburg believed he could harness Hitler's popularity to resolve Germany's persistent parliamentary crises while restraining his more extreme tendencies. This strategy, however, backfired dramatically. Within two months, Hitler exploited the widespread anticommunist sentiment following the Reichstag fire to secure parliamentary approval of the Enabling Act. This legislation granted Hitler and his cabinet the authority to enact laws without parliamentary consent, marking a decisive step in his consolidation of power (*Machtergreifung*) and transforming him into a de facto dictator.

A key provision of the Enabling Act, Article 4, allowed Hitler to sign international agreements

⁴¹ Getúlio Vargas, Discurso no banquete oferecido aos representantes diplomáticos estrangeiros, July 5, 1931. Biblioteca da Presidência da República. Accessed November 24, 2015. <http://www.biblioteca.presidencia.gov.br/ex-presidentes/getulio-vargas/discursos-1/1931/04.pdf/view>

⁴² Amado Cervo and Clodoaldo Bueno. *História da Política Exterior do Brasil* (São Paulo: Ática, 1992), 218.

⁴³ Brazilian Foreign Ministry to Berlin Legation, "Accordo Commercial com a Alemanha", September 6, 1931, Telegramas Expedidos para a Legação em Berlim. Arquivo Histórico do Itamaraty: Estante 4/Prateleira 3/ vol. 3.

⁴⁴ Ricardo Seitenfus, *O Brasil de Getúlio Vargas e a Formação do Blocos: 1930-1942* (São Paulo: Editora Nacional, 1985), 82.

⁴⁵ Oswaldo Aranha personal archive at Centro de Pesquisa e Documentação de História Contemporânea do Brasil(CPDOC): OA cp 1932.01.14/3 rolo 9 fot. 695.

⁴⁶ Seitenfus, 82.

and implement them without Reichstag approval, effectively centralizing control over both domestic and foreign policy. This authority enabled him to pursue his agenda of economic recovery, which centered on rearmament as a means to reduce unemployment and achieve “practical” military parity with other nations.⁴⁷ While infrastructure projects, such as highways and waterways, were of secondary importance, rearmament was central to Hitler’s broader vision of racial and territorial struggle, encapsulated in the quest for *Lebensraum* (living space) and the larger competition for resources framed as a racial imperative.⁴⁸

The nexus of race and economic interests also underpinned Nazi Germany’s growing engagement with Brazil. By early 1934, German diplomats’ annual reports highlighted trade relations and propaganda activities among Brazil’s ethnic German communities as key priorities.⁴⁹ This marked a shift in the Nazi regime’s approach to Germans living abroad (*Auslandsdeutsche*). The *Auslands-Abteilung*, tasked with these relations, was initially marginal but gained prominence under Ernst Wilhelm Bohle, who assumed leadership in July 1933.⁵⁰

Bohle, born in England, secured the support of Deputy Führer Rudolf Hess, who himself was born in Egypt, as both shared a particular interest in the affairs of Germans living abroad. This alliance bolstered Bohle’s position within the Nazi hierarchy and facilitated his appointment to lead the *Auslands-Abteilung*, overcoming opposition from those advocating for the department’s dissolution. Bohle persuaded Hess that, without centralized oversight, Germans abroad could establish autonomous organizations misaligned with the Nazi Party’s objectives, potentially harming the Reich’s image. He also envisioned his department as a mechanism to “Nazify” the German Foreign Office (*Auswärtiges Amt*, or AA) by influencing the selection of German representatives abroad.

This perspective likely appealed to Hitler and other prominent Nazi leaders, such as Propaganda Minister Joseph Goebbels, who harbored deep mistrust of the Foreign Office. In 1933, the *Auswärtiges Amt* remained largely unaffected by the National Socialist German Workers’ Party (NSDAP). Its staff primarily consisted of career diplomats who had served during the Weimar Republic, with only a small number joining the NSDAP. Consequently, the Foreign Office became a perceived loose end in Hitler’s broader plan to align all aspects of German society under Nazi control (*Gleichschaltung*).⁵¹

In 1934, under the guidance of Hess, the *Auslands-Abteilung* was reorganized into the *Auslandsorganisation* (AO) and its activities began to intensify. In Brazil, the AO initiated the creation

⁴⁷ Gesetz zur Behebung der Not von Volk und Reich (Ermächtigungsgesetz), March 23, 1933, German History in Documents and Images. Accessed November 28, 2015, http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=1496&language=german.

⁴⁸ Niederschrift über die Ministerbesprechung, February 8, 1933, German History in Documents and Images. Accessed November 28, 2015, http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=1492. See also: Adam Tooze, *Wages of Destruction: The Making and Breaking of the Nazi Economy* (London: Allen Lane, 2006), 8

⁴⁹ One example is the case of Campo Grande in the state of Mato Grosso: Deutsches Vizekonsulat, “Jahresbericht 1933” (Campo Grande), January 19, 1934, Auswärtiges Amt Politisches Archiv (AAPA) RZ 207 III MS File R78934, Picture E608536.

⁵⁰ Hans-Adolf Jacobsen, *The Nazi Party and the German Foreign Office* (New York: Routledge, 2007), 25.

⁵¹ Donald McKale, *The Swastika Outside of Germany* (Kent: Kent State University Press, 1977), 47.

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of an independent network and began to facilitate the distribution of Nazi propaganda among the German colonists. The objective was to bolster the Nazi organizations operating in the country while gradually reducing dependence on the diplomats, who had been responsible for distributing propaganda until early 1934.⁵²

At this early stage, The AO faced no significant obstacles to its operations in Brazil. President Getúlio Vargas, preoccupied with consolidating his authority, showed little concern for the German communities. This lack of intervention followed the Paulista Constitutional Revolution of 1932, when political elites from São Paulo staged an uprising against Vargas. In the wake of the turmoil, Vargas called for elections for a Constitutional Assembly in 1933, and the new constitution was enacted the following year. Despite the political unrest, the German colonies in Brazil were largely unaffected. The Brazilian government did not prioritize control over immigrant communities, particularly those in rural areas, such as the German population. Consequently, German communities continued to maintain their schools, churches, and cultural associations.⁵³

Moreover, both federal and local authorities in Brazil refrained from exerting control over the German-language press. German-language newspapers had been printed in Brazil since the mid-19th century, starting with *Der Kolonist*, and by 1928, publications like *Deutsche Zeitung* were printing 55,000 copies — an impressive circulation, especially in a country where literacy rates remained low.⁵⁴ The German schools, cultural organizations, and press became key tools for the AO to engage with the Reich's subjects in Brazil. Notably, after 1934, the AO began organizing events such as a beer celebration on April 1st, marking Bismarck's birthday, and assumed control of the *Deutsche Morgen* newspaper.⁵⁵

In addition to Vargas' policy of non-intervention in the German communities in southern Brazil, the introduction of the New Plan (Neuer Plan) by German Finance Minister Hjalmar Schacht further contributed to the strengthening of German-Brazilian relations, which had already been developing since 1931. A key element of the New Plan was the requirement that all new trade agreements between Germany and other countries incorporate a clearing clause. This clause stipulated that Brazilian goods would be paid for in frozen Reichsmarks, which could then be used by Brazil to purchase German goods.⁵⁶

The compensation system introduced under the New Plan did not differ significantly from the earlier direct exchange of goods that characterized German-Brazilian trade before the rise of Hitler. Consequently, Brazil viewed this shift as a natural continuation of the amicable commercial

⁵² Deutsches Vizekonsulat, "Jahresbericht 1933" (Campo Grande), January 19, 1934, AAPA RZ 207 III MS File R78934, Document E608536.

⁵³ Interview of the Brazilian chief of the Legation in Berlin (Guerra-Durval) to Joseph Goebbels' Angriff, April 22, 1933, Arquivo Histórico do Itamaraty, Estante 4, Prateleira 2, Vol. 15.

⁵⁴ The expansion of the press in German in Brazil, if not supported by the Brazilian Government, faced little restriction see: CPDOC: OA cp 1930.11.19, rolo 5 fot. 637. Data extracted from: Seitenfus, 74.

⁵⁵ McKale, 65.

⁵⁶ For more information on the New Plan see: Tooze, 91-95; Seitenfus, 69; Marcelo de Paiva Abreu, *O Brasil e a economia mundial: 1930-1945* (Rio de Janeiro: Civilização Brasileira, 1999), 157-179.

relations that had been fostered during the final years of the Weimar Republic.⁵⁷ For Germany, however, the New Plan was a drastic measure aimed at curbing the large outflow of foreign currency. Although Schacht's plan brought about a balance in Germany's trade, it simultaneously led to a significant reduction in Germany's imports of materials crucial for Hitler's economic recovery program.⁵⁸

This restriction on material imports created an opportunity for Brazil, as the demand for raw materials in Germany remained unmet. A prime example of this is the sharp increase in German imports of Brazilian cotton. Brazil's share of the German cotton market surged from 2.1% in 1934 to 20.8% in 1935. This shift was partly due to the reduction of the American share of the German market, which declined from 55.1% in 1934 to 26.7% in 1935.⁵⁹

These figures result from the negotiations for a new trade agreement between Brazil and Germany, formulated under the terms of the New Plan. The German mission arrived in Brazil in October 1934, following the successful conclusion of a similar agreement with Argentina. After their visit to Brazil, the German negotiators were scheduled to continue their tour of South America with visits to Uruguay and Chile. German authorities were eager to secure trade agreements with South American countries, which were seen as key sources of the raw materials essential for implementing Germany's strategy of "recovery through rearmament". Brazil, with its varied resources, was considered an ideal partner.⁶⁰

As part of President Vargas' broader economic strategy, Brazil aimed to reduce its dependence on coffee exports by diversifying its production. The agreement with Germany was viewed as a critical opportunity to secure new markets that would support this diversification initiative. Furthermore, Brazil sought to strengthen its economic ties with Germany as a means of decreasing its reliance on trade with the United States. By 1933, Germany accounted for 12% of Brazil's imports, while the United States comprised 21.2%.⁶¹ However, mindful of the opposition from the U.S. Department of State, Brazilian authorities proceeded with caution in their dealings with Germany. The goal was to protect Brazil's commercial interests through the new treaty with Nazi Germany, while avoiding potential diplomatic tensions with the newly elected administration of Franklin D. Roosevelt.⁶²

The advent of the Good Neighbor

Franklin D. Roosevelt was elected President of the United States in 1933, the same year Hitler was appointed Chancellor of Germany. By the time Franklin D. Roosevelt assumed office, U.S.-

⁵⁷ See: CPDOC: OA cp 1934.10.05/1, rolo 13, fot. 165 and 168

⁵⁸ Tooze, 91.

⁵⁹ Seitenfus, 83.

⁶⁰ Telegram, October 20, 1934. AAPA RZ 311 File R105852, Document H006055.

⁶¹ Seitenfus, 83

⁶² Letter from Getúlio Vargas to Oswaldo Aranha, CPDOC: OA cp 1934.10.05/1, rolo 13, fot. 166.

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Latin American relations were strained. The dual impact of the Great Depression and the U.S.'s interventionist Pan-Americanism had fostered anti-American sentiment abroad, while also disillusioning American public opinion.⁶³

In his first year in office, Roosevelt vacillated between adopting a “nationalist” or “internationalist” economic recovery plan.⁶⁴ In his inaugural address on March 4, 1933, he sought a balance, although he primarily emphasized the need for national recovery. His predecessor, Herbert Hoover, had a contrasting approach, advocating for a World Economic Conference in London to convene following the U.S. presidential elections.⁶⁵ While Roosevelt initially supported the idea of a conference to address currency stabilization, he reversed his position at the last moment. Roosevelt’s “bombshell” declaration, sent to Secretary of State Cordell Hull, leader of the American delegation, upon his arrival in London, severely limited the potential impact of the conference. He argued that it would be disastrous for the conference to “allow itself to be diverted by the proposal of a purely artificial and temporary experiment affecting the monetary exchange of a few nations only”.⁶⁶

Roosevelt’s “nationalistic” approach to economic recovery did not foster a resurgence in American participation in international trade, particularly in commodities, which were vital to U.S.-Latin American commerce. Under Hoover’s administration, during the final two years of his presidency, unemployment rose as a result of declining U.S. exports.⁶⁷ American agricultural exports, for instance, fell by 67% between 1930 and 1932, with agricultural imports following a similar trajectory, dropping by 66% in the same period.⁶⁸ Although both exports and imports began to recover in 1934, these figures remained at the depressed levels observed in 1932. At this point, the United States remained Brazil’s primary partner in the agricultural sector, accounting for the majority of Brazil’s agricultural exports.

Roosevelt’s economic policy, which prioritized domestic recovery, constrained his ability to address the hemispheric ramifications of the Great Depression. The alternative was to secure political concessions, which complicated U.S.-Brazil relations, especially as the American government sought to finalize a new trade agreement in 1933. The U.S. Department of State

⁶³ Stewart Brewer, *Boarders and Bridges: A History of U.S.-Latin American relations* (Westport: Praeger Security International, 2006), 95.

⁶⁴ “Through this program of action we address ourselves to putting our own national house in order and making income balance outgo. Our international trade relations, though vastly important, are in point of time and necessity secondary to the establishment of a sound national economy. I favor as a practical policy the putting of first things first. I shall spare no effort to restore world trade by international economic readjustment, but the emergency at home cannot wait on that accomplishment.” Franklin D. Roosevelt Inaugural Address, March 4, 1933, The American Presidency Project (University of California-Santa Barbara) accessed December 2, 2015, <http://www.presidency.ucsb.edu/ws/index.php?pid=14473>.

⁶⁵ Julius Pratt, *A History of American Foreign Policy* (Englewood Cliffs: Prentice-Hall, 1955), 570.

⁶⁶ Franklin D. Roosevelt Cable to the London Conference, July 3, 1933, The American Presidency Project (University of California-Santa Barbara) accessed December 2, 2015, <http://www.presidency.ucsb.edu/ws/?pid=14679>

⁶⁷ Gerald D. Nash, *Great Depression and World War II* (New York: St. Martin Press, 1979), 90.

⁶⁸ Winthrop W. Aldrich, *The Causes of the Present Depression and Possible Remedies*, February 22, 1933 (Federal Reserve Archives), 9, accessed December 2, 2015, https://fraser.stlouisfed.org/scribd/?title_id=124&filepath=/docs/publications/hearings/senate_aldrichdepressioncauses1933.pdf#scribd-open.

informed the newly appointed Ambassador to Brazil, Hugh S. Gibson, that Brazil was “holding back” in the negotiations for a new trade agreement.⁶⁹ These concerns were justified, as, despite Gibson’s optimistic reports, Brazil consistently presented obstacles during the negotiations. Despite the American urgency, it took an additional two years before the trade agreement between the two nations was signed.

Aware of his delicate position, Roosevelt utilized the Inter-American Conference in Montevideo in December 1933 to announce a shift in the U.S. approach to its relations with Latin America. The American representative emphasized that “under the Roosevelt Administration the United States Government is as much opposed as any other government to interference with the freedom, the sovereignty, or other internal affairs or processes of the governments of other nations”.⁷⁰ This statement aligned with Article 6 of the document signed at the Conference, a stance that previous U.S. administrations had resisted, despite its potential positive impact on U.S.-Latin American relations.⁷¹

This position ran counter to the views of Secretary of State Cordell Hull who advocated for the continuation of U.S. interventionism in hemispheric affairs. It was supported, however, by a faction within the U.S. Department of State, including Under Secretary of State Sumner Welles and Ambassador to Cuba, later Ambassador to Brazil, Jefferson Caffery. While interventionists, such as Hull, dominated the Department of State, the firm opposition expressed by Latin American delegates at the Montevideo Conference underscored a widespread rejection of interventionism in hemispheric relations.⁷²

The adoption of the non-intervention clause marked the first step taken by the United States toward fostering “good neighbor” relations with Latin America.⁷³ Like most Latin American nations present at the Montevideo Conference, Brazil welcomed the inclusion of the non-intervention clause in the final document. However, as discussed earlier in this chapter, Roosevelt’s gesture of goodwill did not translate into an improvement in Brazil’s trade relations with the U.S., nor did it disrupt the growing rapprochement between Brazil and Germany, which had begun after Vargas assumed power in 1930.

⁶⁹ Foreign Relations of the United States (FRUS): Diplomatic Papers, 1933: The American Republics, v. 5 (University of Wisconsin), 18, accessed December 2, 2015, <http://digital.library.wisc.edu/1711.dl/FRUS.FRUS1933v05>.

⁷⁰ “Reservation made at the time of signature”, Plenary Session of December 22, 1933 (Montevideo), accessed December 2, 2015, <http://www.oas.org/juridico/english/sigs/a-40.html>.

⁷¹ Treaty A-40: Convention on Rights and Duties of States, Inter-American Conference (December, 1933), accessed December 2, 2015, <http://www.oas.org/juridico/english/treaties/a-40.html>.

⁷² Max Paul Friedman, *Nazis and Good Neighbors: The United States Campaign against the Germans of Latin America in World War II* (Cambridge: Cambridge University Press, 2003), 79-80.

⁷³ Roosevelt first used the term in his inauguration address

2. The Golden Years (1934–1937)

The period between 1934 and 1937 marked a golden age for Brazilian relations with Nazi Germany, characterized by significant political and economic cooperation. During this period, the signing of a trade agreement and the mutual elevation of their diplomatic representations to the level of an embassy underscored the growing partnership between the two nations.

This chapter analyses the developments that favored this rapprochement as well as the response of the United States to the closer ties between Brazil and Germany. The chapter begins by analyzing the pivotal role of Oswaldo Aranha, Brazil's Ambassador to the United States, in managing Brazil's diplomatic relations amid rising tensions between the U.S. and the Third Reich. It further examines the ideological convergence between Adolf Hitler's regime and Getúlio Vargas' government, particularly in their mutual opposition to communism and the strategic alignment that ensued.

Additionally, the chapter addresses the competitive dynamic between Nazi Germany and the United States for influence in Brazil's economic and commercial spheres, illustrating how trade agreements and economic policies were shaped by this rivalry. The increasing influence of German organizations, notably the *Auslandsorganisation* (A.O.), further entrenched Germany's political presence in Brazil. The chapter concludes by exploring the eventual deterioration of German-Brazilian relations after 1937, triggered by internal and external pressures that led to a reorientation of Brazil's foreign policy, thus marking the end of the brief but consequential alliance between Brazil and Nazi Germany.

Oswaldo Aranha: Ambassador to the United States

In the context of deteriorating U.S.-Brazil relations, the appointment of Oswaldo Aranha as Brazil's Ambassador to the United States was of significant symbolic importance. Aranha, like Vargas, held a law degree and was part of the younger leadership within the Republican Party of Rio Grande do Sul (PRR). His political collaboration with Vargas began in 1928 when Aranha joined Vargas' cabinet in Rio Grande do Sul. Aranha was a key advocate for Vargas' presidential candidacy, and although Vargas had reservations about his prospects, Aranha succeeded in persuading Borges de Medeiros, the PRR leader and former governor, to support the formation of a coalition against São Paulo.⁷⁴ During the Revolution, Aranha, in keeping with his self-description as a “man of action”, led the troops from Rio Grande do Sul.⁷⁵

Before his appointment to Washington, Aranha had held several significant positions, including governor of Rio Grande do Sul, Minister of Justice, and Minister of Finance. As Minister of

⁷⁴ Stanley Hilton, *Oswaldo Aranha: uma biografia* (Rio de Janeiro, Objetiva, 1994), 16.

⁷⁵ *Ibid.*, 3.

Finance, he engaged directly with creditors, particularly in Great Britain and the United States, in attempts to address Brazil's foreign debt.⁷⁶ Aranha and Vargas maintained a close friendship during the provisional government, frequently exchanging letters, with Aranha often visiting the presidential palace to consult with Vargas.⁷⁷ Vargas held Aranha in high esteem, even requesting his representation at the Constitutional Assembly in 1933 during a critical moment for the regime. Vargas thought Aranha's charismatic personality could assist him in defending the government in the Assembly. However, tensions arose between the two during the Assembly, particularly over procedural disputes and the succession issue in Minas Gerais, leading Vargas to ultimately reject Aranha's suggested candidate for the executive in that state and adopt a different approach to the Assembly's presidential election procedures, which Aranha opposed.⁷⁸

Aranha's disappointment with Vargas' decisions led to his resignation from the Finance Ministry. Nonetheless, Vargas' actions were not indicative of Aranha's political weakness. Rather, they reflected Vargas' efforts to consolidate his position and preserve the "accomplishments" of the provisional government. In September 1933, Vargas sent Aranha a letter reaffirming the importance of their friendship and Aranha's significant role in Brazil's future.⁷⁹ The appointment of Aranha as Ambassador to the United States further highlighted his prestige and continued influence. Moreover, Vargas remained in regular consultation with Aranha on domestic and international matters, such as seeking his advice on the Chaco conflict between Bolivia and Paraguay.⁸⁰ Aranha frequently bypassed the Brazilian Ministry of Foreign Affairs in his direct communication with Vargas.⁸¹ That was in fact the case during Brazil's trade negotiation with Germany, occasion when Aranha reported the American concerns regarding directly to the Brazilian president.⁸²

Aranha was not a career diplomat and, by the time of his appointment in September 1934, U.S. Secretary of State Cordell Hull were largely unfamiliar with his role within Vargas' cabinet. The U.S. Secretary of State certainly hoped that Aranha would aid in the negotiations for a new trade agreement between Brazil and the United States.⁸³ In that regard, Aranha's close relationship with Vargas proved advantageous for the U.S., as he emerged as a key advocate for Brazil's rapprochement with the United States and the signing of a new trade pact. Vargas, however, was hesitant. In his journal, he expressed concerns that refusing trade agreements with Germany and

⁷⁶ Theodore M. Berson, "'Dependência do Imperialismo:' Foreign Investment in Brazil, 1935", *The Business History Review* 43, no. 2 (Summer, 1969): 193-4, accessed November 9, 2015, <http://www.jstor.org/stable/3112272>

⁷⁷ Aranha is one of the names that appear most frequently in Vargas' journal entries between 1930 and 1934. See: Getúlio Vargas, *Diário 1930-1936* (Rio de Janeiro: Fundação Getúlio Vargas/FGV, 1995)

⁷⁸ Hilton, 168-180

⁷⁹ CPDOC: OA 1933.09.28, rolo 12, fot. 246

⁸⁰ Seitenfus argues otherwise. He sees Aranha's defeat in Minas Gerais as evidence of his weak political position. See: Seitenfus, 130.

⁸¹ CPDOC: GV c 1934.09.27/2 rolo 4 foto 72-73/3

⁸² CPDOC: GV c 1934.12.18 rolo 4 foto 169-170

⁸³ FRUS: *The American Republics* (1934), Vol. V, 544.

Italy could result in the closure of European markets that were crucial to Brazil's exports, particularly those not in demand in the United States.⁸⁴ The challenge of negotiating with Germany without alienating the United States would remain a persistent issue for Vargas throughout the 1930s.

Upon his arrival in Washington, Aranha expressed his admiration for American society and its achievements. In September 1934, he remarked: "It is true, Getúlio, that we feel like 'earthworms so small' before this cyclone of progress that involves us in this American land".⁸⁵ This fascination with the United States' social and economic development reinforced Aranha's view of the U.S. as a critical strategic partner. During his tenure as ambassador, Aranha cultivated strong relationships with President Roosevelt and key figures in the Department of State. Between 1934 and 1937, he actively promoted the United States as a model for Brazil. His observations and advocacy also contributed to Vargas' growing interest in strengthening ties with the U.S.⁸⁶

Aranha's exposure to the United States liberalized certain aspects of his thinking, but he maintained nationalist convictions, particularly in his views on Germany, at least until 1945. During the debates surrounding Brazil's new Constitution, he opposed the continuation of the *jus sanguinis* (right of blood) as a basis for Brazilian nationality, focusing instead on the integration of immigrant descendants into the Brazilian national fabric.⁸⁷ Aranha advocated for a nationalization project that emphasized incorporating both people and capital into a cohesive Brazilian identity, a stance that directly countered Nazi efforts to maintain allegiance among German descendants in Brazil to the "fatherland".⁸⁸

Aranha's urgency in addressing these issues was shaped by both domestic and international developments. The failed communist coup of 1935 highlighted for Aranha the broader risk of foreign nations interfering in Brazilian affairs through indirect means. For him, the coup was not merely a domestic uprising but a manifestation of external ideological and political forces attempting to destabilize Brazil. Aranha viewed this event as evidence of the vulnerabilities that could be exploited by foreign powers seeking to advance their own agendas within the region. In his analysis, the coup illustrated how international actors might leverage local discontent, ideological movements, or even economic pressures to undermine the sovereignty and stability of the Brazilian state.⁸⁹

On the international front, Hitler's increasingly aggressive rhetoric, Franco's rise to power in Spain, and Mussolini's invasion of Ethiopia convinced Aranha that Europe was on the brink of a broader conflict with potentially far-reaching consequences, including impacts on non-European

⁸⁴ Vargas, Journal entries November 16 and 17, 1934, 341.

⁸⁵ Getúlio Vargas' papers at CPDOC: GV c 1934.09.18 rolo 4 foto 42-43/3

⁸⁶ Vargas' explicitly stated his will of maintaining good relations with the US in: Vargas, entry from February 1 to 3, 1935, 357.

⁸⁷ *Jus sanguinis*: principle of nationality law by which nationality is determined by having one or both parents who are citizens of a state.

⁸⁸ Hilton, 163.

⁸⁹ CPDOC: OA cp 1936.09.15/5

nations like Brazil. For Aranha, the urgency of nationalizing immigrant communities was tied directly to these geopolitical shifts. Writing to Vargas in September 1936, he stressed, “Nationalizing the immigrants seems to me more important and urgent than the other nationalizations we are undertaking”, reflecting his belief that immigrant integration was not only a domestic priority but also a strategic imperative in the face of growing international tensions.⁹⁰

Aranha identified German ambitions as a significant threat to Brazil’s stability, viewing Hitler’s agenda as an extension of the imperialist objectives that had precipitated World War I. Between October 1935 and September 1936, Aranha repeatedly warned Vargas in his correspondence about the dangers posed by German minorities in Brazil.⁹¹ While Vargas likely shared Aranha’s concerns about the German issue, Aranha diverged in his assessment of Brazil’s international alliances, seeing the United States as Brazil’s only reliable partner — a view that did not align entirely with Vargas’ broader foreign policy outlook.

Communism: Hitler and Vargas join forces

While Aranha championed the pro-American faction within the Vargas administration, other influential segments, notably the police forces, displayed a pronounced affinity for the Third Reich. This alignment was grounded in a shared enmity toward communism, which both Brazilian authorities and Nazi Germany regarded as a pressing threat. Although the issue of ethnic minorities in Brazil was a concern, for Vargas and his police chief, Filinto Müller, the more immediate and critical priority was combating communism. Unlike Hitler, Vargas did not embrace racial anticommunism as a defining ideological stance.⁹² Nevertheless, he recognized the potential utility of a pragmatic alliance with Nazi Germany to bolster his efforts against the perceived communist menace.⁹³

Since 1929, the Brazilian Communist Party (PCB) and its leading figure, Luiz Carlos Prestes, had been vocal opponents of Vargas and his ruling coalition. However, by 1935, opposition to Vargas’ rule escalated into an armed uprising. To Prestes and his allies, the 1934 Constitution represented nothing more than a facade legitimizing Vargas’ personalist control over the state and the consequent suppression of the worker’s movement. A united front organization was formed by trade unionists, and members of the PCB, with Prestes at the helm, to represent the worker’s opposition to Vargas’ rule.⁹⁴ The *Aliança Nacional Libertadora* (ANL), as it was called, organized protests and

⁹⁰ CPDOC: OA cp 1936.09.15/5

⁹¹ Ibid. see also: Hilton, 212-213.

⁹² Already in the 1920s Hitler advocated for a “global conspiracy” associating bolshevism with a Jewish project of world domination. “Im russischen Bolschewismus haben wir den im zwanzigsten Jahrhundert unternommenen Versuch des Judentums zu erblicken, sich die Weltherrschaft anzueignen”. Adolf Hitler, *Mein Kampf* (Munich: Eher-Verlag, 1943), 751. Accessed December 13, 2015, <https://archive.org/stream/Hitler-Adolf-Mein-Kampf-Text/HitlerAdolf-MeinKampf-Band1Und2855.Auflage1943818S.Text#page/n0/mode/2up>.

⁹³ Surprisingly, in the works consulted for this thesis, only Ricardo Seitenfus discusses the role of anticommunism in German-Brazilian relations. The sources, however, are extensively available in both German and Brazilian archives denoting the topic was an important part of the bilateral agenda of the two countries between 1934 and 1937.

⁹⁴ Comintern: International Organization of Communist Parties led by the Soviet Communist Party.

marches against the repressive measures adopted by the government to crucial opposition from workers and within military, including the purge of army officials suspected of harboring communist sympathies.

The response was even more intense repression of the movement. Following inflammatory speeches delivered by Prestes in July of that year, Vargas ordered the closure of ANL headquarters, accusing the organization of subversive activities aimed at destabilizing the government. The regime's repressive measures, including purges within the military, heightened tensions and ultimately triggered a revolt. The uprising began in the northeastern cities of Natal and Recife before spreading to Rio de Janeiro, then the national capital, within days. Despite its geographic spread, the rebellion was swiftly suppressed by Vargas' loyalist forces, underscoring the regime's capacity to maintain control. This suppression was followed by an intensified campaign of persecution, targeting workers and intellectuals suspected of collaboration with the uprising or of acting as "agents of Moscow".⁹⁵

Away from the political unrest in Brazil, Germany was singularly focused on its economic recovery, with rearmament serving as the central priority of the Nazi regime. By 1935, Hitler's strategic goals did not yet include direct confrontation with the Soviet Union.⁹⁶ Instead, his administration concentrated on laying the groundwork for an international anticommunist coalition, which would support Germany's broader ideological and geopolitical objectives. It was within this context that the communist uprisings in Brazil attracted the attention of the Nazi dictator. The uprisings coincided with the arrival of a new Brazilian diplomatic envoy to Berlin. José Joaquim Moniz de Aragão, appointed as the Brazilian Minister to Germany, arrived in January 1936 and quickly became a key figure in fostering German-Brazilian cooperation against the Comintern.

Upon his arrival, Aragão presented his diplomatic credentials to Hitler in a formal ceremony at the German chancellery. During their meeting, Hitler praised Vargas for his firm response to the communist insurrection in Brazil, emphasizing Germany's "ultimate support" in Brazil's struggle against communism.⁹⁷ In the years that followed, Aragão became an important mediator for the cooperation that developed between German and Brazilian authorities in their common struggle against communism. Vargas was particularly intrigued by the operational structure of the Gestapo, Germany's political police, and the activities of the "Bureau Anti-Komintern".⁹⁸ In this context, Aragão's personal connection with Admiral Wilhelm Canaris, the head of the German military intelligence agency (Abwehr), played a pivotal role in fostering closer ties between the Gestapo and Brazil's political police, the Departamento de Ordem Política e Social (DOPS). Leveraging this

⁹⁵ For a summary of the history of Prestes and the communist party and the coup attempt of 1935 in Brazil see: Seitenfus, 46-51.

⁹⁶ Gerhard L. Weinberg, *Hitler's Foreign Policy 1933-1939: The Road to World War II* (New York: Enigma, 2004), 306.

⁹⁷ Arquivo Histórico do Itamaraty (AHI): Report from Moniz de Aragão to the Brazilian Ministry of Foreign Relations in telegrams from the Brazilian Embassy in Berlin. Telegram n. 39, Estante 4, Prateleira 4, Vol. 13.

⁹⁸ Seitenfus, 89.

relationship, Aragão facilitated access to intelligence documents, which he subsequently shared with his superiors at Brazil's Ministry of Foreign Affairs. Moreover, he organized a technical visit by DOPS officers to Gestapo facilities, enabling them to examine confidential materials on Gestapo strategies for combating communism.⁹⁹ This visit also provided training in propaganda techniques and counterintelligence methods, further solidifying the collaborative efforts between the two nations in their shared anticommunist objectives.

Brazil's anticommunist efforts also garnered support from Joseph Goebbels, the Nazi Minister of Propaganda, who proposed supplying Brazil with materials for an anticommunist exhibition planned for 1937. The initial expectation was that the materials for the anticommunist exhibition would be dispatched to Brazil in February. However, they did not leave Europe until early March, departing from Naples aboard the steamer *Neptunia* and arriving in Rio de Janeiro on March 17, 1938.¹⁰⁰ The organization of the exhibition in Brazil was eagerly anticipated by the Nazi Ministry of Propaganda. A month after the materials arrived in Brazil, the Goebbels' Ministry requested a report from the German Embassy in Rio de Janeiro detailing the progress of the exhibition, along with photographs to be circulated in the German press.¹⁰¹ However, by that time, the political circumstances in Brazil had already undergone significant changes, and relations between Brazil and Germany had deteriorated dramatically. Despite the unfavorable circumstances, Campos indicated to the German Embassy in June that the exhibition would be held shortly. Nonetheless, the further escalation of the diplomatic tensions between Brazil and Germany ultimately prevented it from ever being opened to the public.

The case of Erna Krüger, also known as Olga Benário, stands as one of the most prominent examples of German-Brazilian anti-communist cooperation. Olga, a German-Jewish militant affiliated with the German Communist Party (KPD) during the Weimar Republic, was dispatched to Brazil by the Comintern in 1934 to support the activities of the Brazilian Communist Party (PCB). While in Brazil, she married communist leader Luís Carlos Prestes. Following the failed communist uprising of 1935, both Prestes and Olga were arrested in 1936 on charges of orchestrating the rebellion. Despite being pregnant and legally married to a Brazilian citizen — circumstances that should have protected her from deportation under Brazilian law — President Getúlio Vargas authorized her extradition to Nazi Germany on August 27, 1936. Olga gave birth while imprisoned, and her child was subsequently entrusted to Prestes' sister. Olga herself was ultimately executed in a gas chamber at the Bernburg Euthanasia Centre in 1942. The site of her execution has since been converted into a memorial, with the street in front named Olga-Benário-Straße in her honor.¹⁰²

⁹⁹ AHI: Telegram n. 71, Estante 4, Prateleira 4, Vol. 13

¹⁰⁰ Hinrichs, "Telegram to the German Embassy in Rio de Janeiro" (Berlin, March 2, 1938), Politisches Archiv des Auswärtigen Amts.

¹⁰¹ Reichsministerium für Volksaufklärung und Propaganda, "Schnellbrief: Antikommunistische Ausstellung in Brasilien" (Berlin, March 2, 1938), File R99522, Politisches Archiv des Auswärtigen Amts.

¹⁰² A summary of Olga's case can be found in: Seitenfus, 86-87. A more detailed testimony of the victims of the German-Brazilian cooperation is: David Nasser, *Falta Alguém em Nuremberg: torturas da Polícia de Filinto Müller* (Rio de Janeiro, Editora do Povo, 1948)

The period from 1935 to 1936, during which anti-Comintern collaboration was solidified, also marked the apex of German-Brazilian relations.² In 1936, the two nations elevated their diplomatic legations to the status of embassies, underscoring the significance of their bilateral ties. Additionally, negotiations for a new trade agreement were initiated, solidifying Germany's position as Brazil's principal supplier of goods.¹⁰³

Trade: German-American dispute over the Brazilian market

In 1935, Foreign Policy Magazine commissioned Karl Ritter, head of the economics department at the German Foreign Office, to write an article on the clearing agreements. Published in April 1936, Ritter concluded, citing both Adolf Hitler and Hjalmar Schacht, that these agreements were a temporary measure. However, he also remarked, "I do not believe that the time is ripe for the abolition of the clearing system in the near future".¹⁰⁴ Ritter's projection proved accurate, as German trade continued to rely on clearing agreements a decade after the implementation of the "New Plan" in 1934.¹⁰⁵

However, Ritter's depiction of Germany as a victim of these arrangements is inconsistent with the actual German-Brazilian trade balance. It was Ritter himself who identified Brazil as a key supplier of the raw materials required by Hitler's recovery plan, and he actively promoted an increase in trade between the two nations.¹⁰⁶ One example of this increase was Brazil's significant rise in exports of cotton to Germany in 1935.¹⁰⁷ It must be noted that Brazil was not alone in strengthening its trade ties with Germany during this period — Argentina's trade with Germany also grew.¹⁰⁸

Meanwhile, the United States, which had been urging the signing of a trade agreement with Brazil since 1933, began to grow increasingly frustrated. Secretary of State Cordell Hull reminded the U.S. chargé d'affaires in Brazil that the Brazilian government was aware of "the dangers inherent in undue procrastination".¹⁰⁹ Brazil's expectations regarding the U.S. agreement proved unrealistic, as prior agreements with other countries and the perception that alternative suppliers could replace U.S. imports led to a prolonged deadlock.¹¹⁰

The U.S. proposal for a new trade agreement with Brazil required a reduction in tariffs and the unrestricted adoption of the "most favored nation" clause, which would prevent Brazil from

¹⁰³ See: AAPA: Politischer Jahresbericht 1935, File 104939, Doc. 1400/36.

¹⁰⁴ Published version: Karl Ritter, "Germany's experience with clearing agreements", in *Foreign Policy* 14, n.13 (April, 1936), 475. The correspondence between Ritter and FP's editor Armstrong as well as the original in German are available in: AAPA: File R117203.

¹⁰⁵ Tooze, 93.

¹⁰⁶ Seitenfus, 77.

¹⁰⁷ See: Chapter 1, section 1.4.

¹⁰⁸ For numbers on both, Brazil and Argentina, see: APAA: File R105852, Doc. H005936

¹⁰⁹ FRUS: The American Republics (1935), 300.

¹¹⁰ Marcelo de Paiva Abreu, *O Brasil e a Economia Mundial, 1930-1945* (Rio de Janeiro: Civilização Brasileira, 1999), 212-213.

conducting trade under the terms set by Germany. While Brazil was willing to make certain concessions, Brazilian negotiators insisted on preserving the country's clearing agreements with Germany, a position aligned with the views of President Vargas and his newly appointed Finance Minister, Sousa Costa.¹¹¹ This conflict highlighted not only regional tensions but also the larger ideological divide between two competing global economic models. The American approach advocated for the liberalization of international trade and tariff reduction, while the German (and British) model emphasized bilateral agreements and compensation as its core principles.

In 1936, Brazil took a significant step by denouncing its commercial treaties signed before January 1934, effectively preserving its agreement with the United States. The Brazilian government extended the concessions granted to the U.S. to other nations, pending the negotiation of new trade agreements. However, Brazil faced challenges in negotiating with former trade partners, particularly those with colonial empires such as France and the United Kingdom.¹¹²

In Germany, Schacht's influence within the regime was waning as the limitations imposed on rearmament began to hinder Hitler's militaristic ambitions. Hitler not only overruled Schacht's restrictions but also appointed Hermann Göring to oversee the implementation of the New Plan. Göring and Hitler aimed to foster a self-sufficient, state-driven economic model, with military expenditure as its central component.¹¹³ As a result, Germany increasingly relied on expanding its supply of raw materials.¹¹⁴

The political and economic context of the time was highly conducive to the German-Brazilian partnership. By 1936, Germany surpassed the United States as Brazil's primary supplier of goods, accounting for 23.9% of Brazil's imports. By 1938, Brazil had become Germany's largest supplier of cotton, providing 29.3% of the German market. That same year, Brazil represented 3.9% of Germany's total imports and 3.1% of its exports.¹¹⁵ Conversely, the United States was able to maintain its share of the Brazilian market, which remained relatively stable, increasing from 21.2% in 1934 to 24.2% in 1938. Meanwhile, Brazilian exports to the United States declined from 46.7% in 1934 to 34.3% in 1938, although the U.S. continued to be the primary destination for Brazilian exports.¹¹⁶

These figures can be attributed, in part, to the new trade agreements signed between Brazil and Germany. In 1936, a provisional agreement was reached that extended the 1934 arrangement while establishing new quotas for the export of cotton and coffee to Germany.¹¹⁷ Despite strong opposition from the United States, the revised German-Brazilian trade agreement was signed in

¹¹¹ FRUS: The American Republics (1934), 570-571.

¹¹² Abreu, 224-227.

¹¹³ Richard Overy, *War and Economy in the third Reich* (Oxford: Oxford University Press, 1994), 15-16.

¹¹⁴ Tooze, 205.

¹¹⁵ Seitenfus, 82-84.

¹¹⁶ *Ibid.*, 84.

¹¹⁷ CPDOC: OA cp 1936.05.21, rolo 14, fot. 580-589. Also, AHI: Telegram Embassy in Berlin, December 29, 1936, Estante 4, Prateleira 2, Vol. 13.

1937.¹¹⁸ From 1936 onwards, Germany began to view Brazil as a strategic partner, prompting the appointment of Karl Ritter as Ambassador to Brazil. As previously noted, Ritter was a specialist in economic affairs within the German Foreign Office, and his appointment, akin to Vargas' appointment of Aranha as Ambassador to the U.S., reflected the Reich's intention to further solidify its economic partnership with Brazil. However, Ritter's tenure in Brazil was largely focused on issues beyond economic concerns. Between 1936 and 1938, ideological matters — specifically concerning the status of German immigrants in Brazil — dominated the agenda at the German Embassy in Rio de Janeiro.

The “German Menace” and the deterioration of the German-Brazilian relations

During the golden years of the German-Brazilian economic partnership, the ethnic German population in Brazil did not pose a particular threat to the stability of the Vargas regime.¹¹⁹ Despite the nationalist character of Vargas' propaganda, the primary concern of his government was the struggle against communism, not the issue of the ethnic minorities residing in Brazil. While some Germans in Brazil, like Olga Benário, were involved in the communist movement, communism was not perceived as linked to any specific nationality or ethnic group. Those, like Aranha, who advocated for nationalization of the German community as early as 1934, were motivated by a sense of duty to the government, rather than by any direct fear that these immigrant communities could be swayed by their home countries to act against Brazilian interests. In fact, the calls for nationalization were driven by broader concerns about the influence of foreign ideologies, rather than any singular threat posed by German nationals in Brazil.¹²⁰

However, *Länderamt VII*, the section of the *Auslandsorganisation* (AO) responsible for Latin American affairs, was highlighted by the Nazis as one of the success stories in their efforts to foster connections between Germans abroad and the fatherland. Brazil, in particular, was frequently cited as an example of the strong ties between the German diaspora and Germany. Propaganda materials from the period reported that “some of the most robust rallies (in commemoration of German national holidays) occurred in the large South American German communities. On May 1, 1936, twenty-five thousand Germans gathered in São Paulo (Brazil), marching under the open sky”.¹²¹

As the Nazi organization for Germans abroad, the AO partially emulated the structure of the NSDAP within Germany. In Brazil, this included the establishment of a local Hitler Youth (*Hitlerjugend*) and participation in the Nazi winter assistance program (*Winterhilfe*). Additionally, organizations catering to women (*Frauenschaft*) and teachers (*Lehrerschaft*) were also formed.¹²²

¹¹⁸ See: Seitenfus, 84.

¹¹⁹ “Opinions that the AO in Brazil represented Germany's foreign policy interests or operated espionage in the first years after Hitler's seizure of power remained rare and appeared mostly in tabloids” Jürgen Müller, *Nationalsozialismus in Lateinamerika: die Auslandsorganisation der NSDAP in Argentinien, Brasilien, Chile und Mexiko, 1931-1945* (Stuttgart: Hans-Dieter Heinz, 1997), 287.

¹²⁰ Hilton, 163.

¹²¹ Emil Koch, *Die Auslands-Organisation der NSDAP* (Berlin: Junker und Dünnhaupt Verlag, 1937), 26.

¹²² Ana Maria Dietrich, *Nazismo Tropical? O Partido Nazista no Brasil* (PhD diss., Universidade de São Paulo, 2007), 56.

THE PARTNERSHIP THAT NEVER WAS

However, the activities of the AO in Brazil were not exclusively directed toward the Brazilian Nazi Party. Rather, they aimed at engaging the broader ethnic German population, regardless of their desire to join the NSDAP. Key tasks of the AO included financing and supporting German schools, churches, associations, and the celebration of German national holidays. While it is difficult to precisely gauge the extent of adherence to National Socialism among German-Brazilians, it is likely that the majority were not sympathetic to the activities of the local branch of the NSDAP.¹²³

In 1936, however, Vargas' attitudes toward the German communities in Brazil began to shift. In an attempt to address the nationality issue without compromising Brazil's economic interests in Germany, Vargas proposed a treaty concerning nationality. German trade with Brazil continued to grow until 1938. Nevertheless, the issue surrounding the German-Brazilian community ultimately led to a diplomatic dispute, culminating in a diplomatic crisis between the regimes of Hitler and Vargas.¹²⁴

The *Deutsche Zeitung*, a newspaper aimed at the German communities in Brazil and published in São Paulo, carried a notice from the German Consulate urging all German citizens, "even those born in Brazil," to comply with mandatory German military service.¹²⁵ This demand conflicted with Brazil's own legislation with regard to nationality. The Brazilian Constitution of 1934 recognized all individuals born in Brazil as Brazilian citizens.¹²⁶ Conversely, the stance of the Nazi government was outlined in a speech delivered by Hermann Göring, in which he asserted that "the German government considers itself protector of all Germans, including those living outside of the borders of the Reich".¹²⁷ Notably, the Nazi definition of German identity was shaped by Hitler's racial principles. Consequently, the Reich recognized as German only those individuals whose parents were both of German descent, regardless of their place of birth.¹²⁸

The Brazilian proposal, comprising five articles, sparked significant debate, particularly over Articles 1 and 2, which addressed the military obligations of dual citizens. Article 1 prohibited Germany from obligating its citizens residing in Brazil to fulfill military service in the German armed forces. Article 2 stipulated that enlisting in the German military would result in the loss of Brazilian citizenship. These terms were reciprocal.¹²⁹ The proposal was influenced by the Hague

¹²³ See the example of Blumenau: René Gertz, *O Fascismo no Sul do Brasil: germanismo, nazismo, integralismo* (Porto Alegre: Mercado Aberto, 1987), 81-82.

¹²⁴ For the data on the German-Brazilian trade relations see section 2.3. of this work.

¹²⁵ Telegram to the Brazilian Embassy in Berlin, April 13, 1936, AHI: Estante 4, Prateleira 5, Vol. 4.

¹²⁶ Article 106, Constitution of the United States of Brazil (1934). Accessed December 20, 2015, <http://www2.camara.leg.br/legin/fed/consti/1930-1939/constituicao-1934-16-julho-1934-365196-publicacaooriginal-1-pl.html>

¹²⁷ AHI: Ofício n.137, Estante 4, Prateleira 3, Vol.10.

¹²⁸ Nazi citizenship regulations were dictated by the Nuremberg Laws of 1935: "§ 2. (1) Reichsbürger ist nur der Staatsangehörige deutschen oder artverwandten Blutes, der durch sein Verhalten beweist, daß er gewillt und geeignet ist, in Treue dem deutschen Volk und Reich zu dienen. (2) Das Reichsbürgerrecht wird durch Verleihung des Reichsbürgerbriefes erworben. (3) Der Reichsbürger ist der alleinige Träger der vollen politischen Rechte nach Maßgabe der Gesetze". Accessed December 20, 2015, http://germanhistorydocs.ghi-dc.org/sub_document.cfm?document_id=1523&language=german

¹²⁹ AHI: Proposal of nationality agreement, July 31, 1936, Estante 4, Prateleira 4, Vol. 11.

Convention of April 12, 1930.¹³⁰ Although Germany had signed the convention, it was never ratified by the German Parliament.¹³¹

As Göring's statement illustrates, the Nazi regime regarded Germans living abroad as integral members of the *Volksgemeinschaft* (the "people's community"). In the context of rearmament, it was highly unlikely that Germany would "abdicate unilaterally" its claims over Reich citizens in favor of Brazil.¹³² The collapse of these negotiations coincided with the emergence of the "German threat" narrative, which would later evolve into the myth of the German "fifth column".¹³³

The situation further deteriorated in 1937 with the establishment of a dictatorship in Brazil. Under Vargas' *Estado Novo* (New State), executive and legislative powers were consolidated under his authority, enabling him to push forward his national development agenda. The attempt to negotiate a nationality agreement with Germany — possibly influenced by the failed communist uprising of 1935 — suggests that the nationalization of foreign nationals, as envisioned by Aranha, represented the next logical step in Vargas' broader plan, first outlined during his provisional government.

¹³⁰ The Hague Convention, April 22, 1930. Accessed December 20, 2015 <http://eudo-citizenship.eu/InternationalDB/docs/Convention%20on%20certain%20questions%20relating%20to%20the%20conflict%20of%20nationality%20laws%20FULL%20TEXT.pdf>.

¹³¹ AHI: German counterproposal, July 19, 1937, Estante 4, Prateleira 4, Vol. 11.

¹³² Ibid.

¹³³ Dietrich, 66.

3. A Clash of Nationalisms

The late 1930s marked a critical period in Brazil's history, defined by intensifying nationalist policies and a growing confrontation with foreign influences. Against the backdrop of Vargas' *Estado Novo*, a regime that centralized power and emphasized national unity, tensions emerged between Brazil's push for sovereignty and the transnational ambitions of external actors, particularly Nazi Germany. This chapter explores the interplay of these competing nationalisms, focusing on the political, legal, and ideological struggles that shaped Brazil's domestic and foreign policies.

The discussion begins with the establishment of the *Estado Novo*, a pivotal moment in Brazilian history that set the stage for more aggressive state control and nation-building initiatives. The subsequent 1938 Nationalization Laws sought to curtail foreign influence, particularly targeting German communities, whose cultural and economic presence in Brazil was viewed with increasing suspicion. The chapter then examines the dramatic events of 1938, including the Integralista putsch, the diplomatic fallout leading to the expulsion of German envoy Karl Ritter, and the influential role of Oswaldo Aranha upon his return to the Vargas administration. Finally, it situates these developments within the broader context of hemispheric cooperation, as Brazil transitioned from neutrality to alignment with American-led efforts to counter Axis influence in the Americas. Together, these themes highlight the clash of nationalisms that defined Brazil's struggle to assert its sovereignty amid the global turbulence of the interwar years.

The advent of Vargas' "Estado Novo"

By the time the new trade agreement between Brazil and Germany was finalized in 1937, Brazil was preparing for its upcoming presidential elections. According to the 1934 Constitution, which allowed Vargas to remain in power, direct elections were scheduled to occur in 1938. However, on November 10, 1937, Vargas announced the cancellation of the elections, citing the discovery by police forces of an alleged plan for a second communist coup attempt. In reality, Vargas, in collaboration with a group of military generals, orchestrated a conspiracy to remain in power, dissolving the parliament, political parties, and imposing a new constitution. The new regime established through this measures became known as *Estado Novo* (New State).¹³⁴

Capitalizing on the anti-communist sentiment that had prevailed since the failed 1935 coup attempt, Vargas fabricated the threat of a new communist uprising. In a nationally broadcast radio address, he expressed distrust in parliamentary democracy, framing his seizure of power as an "imposition of circumstances".¹³⁵ His rhetoric echoed the positivist-inspired ideals of his youth,

¹³⁴ For more information on Vargas' coup see: Skidmore, 114-116.

¹³⁵ Vargas' inauguration speech, November 10, 1937, accessed December 21, 2015, <http://www.biblioteca.presidencia.gov.br/ex-presidentes/getulio-vargas/discursos-1/1937/04.pdf/view>.

shaped by the political traditions of Rio Grande do Sul, as discussed in the first chapter.¹³⁶ Additionally, Vargas reintroduced industrialization and national unity as central themes of his regime's political agenda.

The period from 1937 to 1945 thus marked a resurgence of policies and ideologies characteristic of Vargas' provisional government. This time, however, Vargas operated with significantly less dependence on other political actors and without concern for securing domestic legitimacy. Instead, his regime embodied an authoritarian consolidation of power, guided by his vision for national development and unity.

Internationally, Vargas faced a precarious situation. His 1937 coup occurred at a time when both Germany and the United States were scrutinizing Brazil's geopolitical alignment. The Reich viewed the nationality debate and Brazil's negotiations with the United States for the leasing of outdated destroyers as signs of increasing American influence in Brazil.¹³⁷ Meanwhile, Vargas' diplomatic overtures to Berlin and Rome, along with the renewal of Brazil's trade agreement with Germany, led to suspicions among the American public that he was acting as an "agent of Mussolini" in Latin America.¹³⁸

The *Estado Novo* (New State), a term borrowed from Salazar's regime in Portugal, was internationally perceived as a definitive shift towards fascism. Vargas' new constitution, colloquially referred to as *a Polaca* (the Polish), was modeled on the authoritarian constitution decreed by Józef Piłsudski in Poland. Additionally, Mussolini's fascist principles served as a source of inspiration for the structure and ideology of the regime.¹³⁹ The new constitution dissolved the Brazilian Congress and concentrated legislative and executive powers in Vargas' hands, reinforcing the perception that he was sympathetic to European fascism. This view was shared by both Germany and the United States, further complicating Brazil's international standing.

Despite these perceptions, Vargas sought to maintain a policy of "pragmatic equidistance" between the competing American and German spheres of influence.¹⁴⁰ By doing so, he aimed to leverage Brazil's strategic position in the geopolitical landscape to maximize economic and political gains while avoiding complete alignment with either side. This balancing act underscored Vargas' diplomatic strategy during the *Estado Novo*, as he navigated the pressures of an increasingly polarized world order.

In its daily publication, the German Foreign Office (*Auswärtiges Amt*, AA) echoed Vargas' arguments in defense of his coup, framing the *Estado Novo* as a nationalist revolution. The AA

¹³⁶ See section 1.2.

¹³⁷ AAPA: Politischer Jahresbericht 1937, File R27196, Bild 170859.

¹³⁸ CPDOC: AO cp 1936.05.12, rolo 14, fot. 576-577.

¹³⁹ For more information on the 1937 Constitution see: Cesar Caldeira and Marcos Arruda, *Como surgiram as Constituições Brasileiras* (Rio de Janeiro: Federação de Órgãos para Assistência Social e Educação/FASE, 1986)

¹⁴⁰ The concept of "pragmatic equidistance" describes Vargas' dubious attitude maintaining simultaneously relations with Germany without a rupture with United States, see: Gerson Moura, *Autonomia na Dependência: a política externa brasileira de 1935 a 1942* (Rio de Janeiro: Nova Fronteira, 1980), 105.

emphasized that “a truly national politics cannot, in fact, consist of pleasing the other (...) it requires that others respect your particularities”.¹⁴¹ Meanwhile, the U.S. Department of State viewed the developments in Brazil with concern. To counter any association between Vargas and fascism, the American Embassy was instructed to brief editors and journalists covering Brazil’s political situation, emphasizing that such an association could harm U.S.-Brazilian trade relations.¹⁴²

Following the coup, American Ambassador Jefferson Caffery, recently appointed as the U.S. representative to Brazil, held multiple meetings with Vargas. In these discussions, Caffery reported to the Department of State that Vargas firmly denied any connections between his regime and the influence of Germany, Italy, or Japan.¹⁴³ While some aspects of the *Estado Novo* reflected elements of European fascism, the regime was primarily a Brazilian phenomenon rather than an Axis-inspired construct.¹⁴⁴ This nuanced positioning highlighted Vargas’ efforts to align his nationalist policies with Brazil’s unique political and economic context, while managing the perceptions and concerns of both American and German observers.

Vargas’ ideological imperatives were closely tied to pragmatic policies designed to maximize benefits for his regime. As explored in previous chapters, Vargas negotiated with the United States while safeguarding Brazil’s economic interests in European markets. During his constitutional government (1934–1937), Vargas temporarily set aside his ambitions for industrialization and national unity, prioritizing Brazil’s economic recovery. He dismissed Aranha’s calls for the nationalization of immigrant communities and instead promoted the diversification of production and partnerships, all while maintaining Brazil’s role as a producer of raw materials.

While Vargas effectively leveraged Germany to achieve his broader objectives, the balance established after 1934 proved unsustainable following the onset of the *Estado Novo* in 1937. From an industrialization standpoint, Vargas continued to rely heavily on foreign investment and technology.¹⁴⁵ However, the project of forging a distinct Brazilian national identity was fundamentally incompatible with the *Auslandsorganisation’s* (AO) vision of an extended *Volksgemeinschaft* encompassing ethnic Germans abroad. By the first half of 1938, Vargas initiated nationalization policies targeting immigrant communities, marking the beginning of a diplomatic crisis in German-Brazilian relations.

This shift underscores the growing incompatibility between Vargas’ domestic policies and the transnational ambitions of Nazi Germany, as Brazil sought to assert its sovereignty and redefine its national identity within an increasingly polarized global context.

¹⁴¹ AHI: Ofício n. 508, Estante 4, Prateleira 3, Vol. 9. See also: Ofício n. 482, Estante 4, Prateleira 3, Vol. 9.

¹⁴² FRUS: The American Republics (1937), 313-314.

¹⁴³ Ibid, 314-315.

¹⁴⁴ See: Frank McCann, *The Brazilian-American Alliance* (Princeton: Princeton University Press, 1973), 53. Also, Seitenfus, 151-155.

¹⁴⁵ Cervo and Bueno, 237-239.

Vargas' Nationalization Campaign

The nationalization of ethnic communities in Brazil began soon after the advent of the *Estado Novo*. Early initiatives began at the local level, targeting ethnic schools in the southern states of Brazil: Paraná (January 10), Santa Catarina (March 31), and Rio Grande do Sul (April 6).¹⁴⁶ The decision to focus on the school system reveals the nature of the nationalism Vargas sought to construct. Unlike Hitler's concept of *Volk*, which was grounded in biological conceptions of race, Brazilian identity could not rely on racial exclusivity. Brazil was the archetype of a multiracial nation, thus making impossible for any idea of racial purity not to exclude the majority of the population. In contrast to Hitler's exclusionary nationalism, Vargas sought to account for the diverse racial profile of Brazilian society.

The issue of race, however, was unescapable in the 1930s. Brazil had been grappling with its racial dynamics since the mid-19th century, particularly with the rise of abolitionist movements. After the abolition of slavery in 1888, the narrative that depicted Brazilian society as a harmonious blend of three racial groups: European, Native, and African, gained further traction. This idealized vision, later referred to as the "myth of the three races", presented an optimistic but oversimplified account of race relations in Brazil.¹⁴⁷ In practice, the abolition of slavery did not result in any significant structural transformation to integrate Black individuals as fully recognized citizens within Brazilian society. The absence of such systemic measures facilitated the perpetuation of racism, despite prevailing discourses extolling Brazil's racial diversity.¹⁴⁸

Gilberto Freyre's 1933 work, *The Masters and the Slaves*, significantly influenced Vargas' views on race. During his master's studies at Columbia University, Freyre was deeply inspired by Franz Boas' anthropological approach, which shaped his perspective on racial relations. In his book, Freyre challenged the association between race and development, advocating instead for the societal benefits of miscegenation.¹⁴⁹ Vargas institutionalized Freyre's concept. However, despite the official narrative, Brazil's immigration legislation in the 1930s continued to privilege immigrants from white European countries such as Germany and Italy.¹⁵⁰

Since Brazilian national identity could not be grounded in racial purity, Vargas' vision focused on cultural elements such as customs, language, and history as unifying factors. As a result, the

¹⁴⁶ Käte Harms-Baltzer, *Die Nationalisierung der deutschen Einwanderer und ihrer Nachkommen in Brasilien als Problem der deutsche-brasilianischen Beziehungen 1930-1938* (Berlin: Colloquium Verlag/Ibero-Amerikanischen Institut, 1970), 43.

¹⁴⁷ See: Lilia Schwarcz, "Gilberto Freyre: adaptação, mestiçagem, trópicos e privacidade em Novo Mundo nos trópicos" in Kathrin Rosenfield, *Mal-estar na Cultura* (Porto Alegre: Universidade Federal do Rio Grande do Sul, 2010) accessed December 24, 2015, http://www.ufrgs.br/difusao_cultural/admin_mal_estar/documentos/arquivo/Schwarcz%20-%20adaptacao%20mesticagem%20tropicos.pdf

¹⁴⁸ Silvio Almeida. *Racismo estrutural*. (São Paulo: Pólen Editorial, 2019)

¹⁴⁹ Gilberto Freyre, *The Masters and the Slaves: A Study in the Development of Brazilian Civilization* (Berkeley: University of California Press, 1986)

¹⁵⁰ See, for instance, Decreto no 24.215, May 9, 1934. Accessed November 18, 2015. <https://www2.camara.leg.br/legin/fed/decret/1930-1939/decreto-24215-9-maio-1934-557900-publicacaooriginal-78647-pe.html>

nationalization of schools became a cornerstone of this effort.¹⁵¹ Portuguese was established as the mandatory language of instruction, and the teaching of Brazilian history was made compulsory.¹⁵² In municipalities with substantial ethnic German populations, like Blumenau, German schools significantly outnumbered Brazilian schools, with a ratio of 2 to 1. However, by the end of 1938, these schools were either closed or “nationalized”.¹⁵³

In addition to nationalizing schools, Vargas implemented laws to dismantle or assimilate foreign organizations operating within Brazil. The first such measure was announced on May 4, 1938, in a decree that regulated the entry of foreigners into Brazilian territory. Notably, the decree’s eighth chapter introduced specific nationalization measures. It prohibited agricultural or colonial associations from being composed entirely of members of a single nationality. The Council for Immigration and Colonization was tasked with ensuring that immigrants did not settle in communities where their nationality was in the majority. Furthermore, the law mandated that no association could use foreign-language names and required that leadership positions in such organizations be held by individuals born in Brazil.¹⁵⁴

While the May decree caused some dissatisfaction in Germany, it was the publication of Decree-Law 383 on April 18, 1938, that provoked a more confrontational response from Germany and its ambassador, Karl Ritter.¹⁵⁵ The law prohibited foreigners from participating in any political activity in Brazil and banned parades, symbols, uniforms, or insignias associated with foreign political parties. It also declared unlawful any institution linked to a foreign government, even if headed by a Brazilian.¹⁵⁶ Germany perceived this decree as a direct effort to dismantle the operations of the *Auslandsorganisation* (A.O.) in Brazil — an interpretation supported by the decree’s provisions. The restrictions closely mirrored the operational methods of the A.O. in Brazil, prompting a strong the hostile reaction from Ambassador Ritter.

The Tide Turns Against the Third Reich

The context surrounding the enactment of these laws provides further evidence of a deliberate shift in Vargas’ policies toward alignment with the United States. After the 1937 coup, Oswaldo Aranha resigned from his position as Ambassador to the United States, citing disagreements with Vargas’ dictatorial turn.¹⁵⁷ However, Aranha’s influence was too significant to be sidelined. A close

¹⁵¹ Richard Dalbey, “The German Private Schools of Southern Brazil: German Nationalism vs. Brazilian Nationalization”, in *International Review of Education* 18, no. 3 (1972), 391-397.

¹⁵² Baltzer, 43.

¹⁵³ Dalbey, 394.

¹⁵⁴ Decreto-lei n. 406, May 4, 1938, accessed December 25, 2015, <http://www2.camara.leg.br/legin/fed/declei/1930-1939/decreto-lei-406-4-maio-1938-348724-publicacaooriginal-1-pe.html>.

¹⁵⁵ Baltzer, 52.

¹⁵⁶ Decreto-lei 383, April 18, 1938, accessed December 25, 2015, <http://www2.camara.leg.br/legin/fed/declei/1930-1939/decreto-lei-383-18-abril-1938-350781-publicacaooriginal-1-pe.html>

¹⁵⁷ Seitenfus, 158. Also: Roberto José Lopes, “Aqui, não!” in *Revista de História da Biblioteca Nacional* (January 2012) accessed December 25, 2015, <http://www.revistadehistoria.com.br/secao/retrato/aqui-nao>.

friend of President Franklin D. Roosevelt and Under Secretary of State Sumner Welles, Aranha was also highly regarded by American business leaders and public opinion.¹⁵⁸ Before stepping down from his post in Washington, he leveraged his diplomatic connections to temper the American government's hostile reaction to Vargas' new constitution, effectively defending the regime he had initially opposed.¹⁵⁹ Recognizing Aranha's value to Brazilian-American relations, Vargas persistently urged him to remain associated with the government. This effort culminated in Aranha's appointment as Minister of Foreign Affairs in March 1938, just days after the failed Integralista coup attempt, an event that further strained German-Brazilian relations.

The *Ação Integralista Brasileira* (AIB), a Brazilian political movement inspired by Italian Fascism, had sought a prominent role in the *Estado Novo* regime established by Vargas in 1937.¹⁶⁰ The AIB had supported Vargas' anti-communist stance and believed their nationalist ideology aligned with his vision for Brazil. Similarly, Germany viewed the AIB as a beneficial force in Brazilian politics. A 1936 German report described the AIB and its leader, Plínio Salgado, as an influential political force capable of fostering closer German-Brazilian relations. These expectations, however, were dashed when Vargas dissolved all political parties and auxiliary organizations on December 2, 1937.¹⁶¹ The German Embassy in Rio de Janeiro reported this development to the *Auslandsorganisation*, including a statement from Brazil's Justice Minister characterizing the ban as a step to "strengthen Pan-Americanism".¹⁶² Excluded from the *Estado Novo*, the AIB organized a coup attempt, which was swiftly suppressed by Vargas' military allies.

The suppression of the AIB coup attracted significant attention in both Germany and the United States. American newspapers, such as the *New York Post* and the *New York Times* on March 18, 1938, devoted extensive coverage to the failed uprising, commending Vargas for "smashing the fascist plot".¹⁶³ In Germany, the coup was perceived as evidence of U.S. interference in Brazilian politics, specifically aimed at countering German influence.¹⁶⁴

The appointment of Oswaldo Aranha as Minister of Foreign Affairs and the suppression of the Integralist coup sent a clear signal to Hitler's regime. However, these actions did not directly undermine Germany's economic interests in Brazil. Vargas sought to ensure that the nationalization policies would not negatively affect Brazilian trade with Germany, but he maintained a firm stance against political activities by foreign groups. The new Brazilian Ambassador to Washington

¹⁵⁸ Hilton, 232-233. Also: Neill Lochery, *Brazil: The Fortunes of War* (New York: Basic Books, 2014), 29.

¹⁵⁹ See section 3.1. Also, Hilton 259.

¹⁶⁰ For more information on the AIB see: Leandro Gonçalves, "The Integralism of Plinio Salgado: Luso-Brazilian relations" in *Portuguese Studies* 30, no. 1 (2014), 67-93. Accessed December 26, 2015, <http://www.jstor.org/stable/10.5699/portstudies.30.1.0067>

¹⁶¹ Decreto-Lei no. 37, December 2, 1937, accessed December 26, 2015, <http://legis.senado.gov.br/legislacao/ListaPublicacoes.action?id=103167>.

¹⁶² AAPA: File R27196, Doc. 170843, December 7, 1937.

¹⁶³ CPDOC: OA cp 1938.05.11, rolo 15, fot. 982-1001.

¹⁶⁴ AAPA: File R 27196, Doc. 171054, January 17, 1939. Also: Baltzer, 55.

reportedly stated, “Germans are welcome in Brazil as long as they are not National-Socialists”.¹⁶⁵ The April decree, in contrast to earlier measures, marked a significant escalation by directly interfering with Germany’s political operations in Brazil, prompting strong objections from German Ambassador Karl Ritter.¹⁶⁶

Between April and September 1938, German Ambassador Karl Ritter held numerous meetings with Oswaldo Aranha and Vargas, focusing almost exclusively on the nationalization measures targeting German organizations in Brazil. In addition to these actions, Ritter raised concerns about the growing anti-German sentiment in the Brazilian press.¹⁶⁷ During their discussions, Ritter conveyed the Reich’s objections, to which Vargas responded that he could not grant the National Socialist Party (NSDAP) privileges denied to Brazilian organizations, referencing the prohibition of all political parties enacted in November 1937.¹⁶⁸

Meanwhile, Ritter and the German Foreign Office sought allies within Brazil to support their position. Italy’s response to the German request was evasive, stating that fascist groups in Brazil appeared “completely colorless and non-political” and that Italy privately supported Brazil’s stance. Argentina adopted a similarly non-committal approach, leaving Poland as the only country to explicitly condemn the “xenophobic measures” imposed by the Brazilian government.¹⁶⁹

Despite Ritter’s continued efforts, Vargas maintained his stance in subsequent meetings.¹⁷⁰ In response to Vargas’ inflexibility, the Reich initiated a defamatory campaign against Brazil in the German press and threatened to suspend trade relations with the regime.¹⁷¹ Ritter’s confrontational approach, however, alienated key members of Vargas’ cabinet, including the recently appointed Foreign Minister, Oswaldo Aranha. Known for his anti-German sentiments, Aranha’s interactions with Ritter often took on a personal tone. This tension reached a breaking point when Ritter stormed into Aranha’s office at the Itamaraty Palace to announce his refusal to attend a gala honoring the Chilean Ambassador.¹⁷² During the heated exchange that followed, Aranha expelled Ritter from his office.

Following this incident, Ritter adopted a more conciliatory tone, but Aranha remained resolute in seeking his removal. Ritter was eventually declared *persona non grata*, prompting Germany to expel the Brazilian Ambassador to Berlin, Moniz de Aragão, in October 1938. This diplomatic fallout marked a significant escalation in tensions between Brazil and the Reich.

Although Germany and Brazil refrained from appointing new ambassadors until the eve of

¹⁶⁵ Report from the German Embassy in Washington, APAA: File R 27196, Doc. 170901, May 9, 1938.

¹⁶⁶ Seitenfus, 183. Baltzer, 54.

¹⁶⁷ AAPA: File R 27196, Doc. 170919, May 19, 1938.

¹⁶⁸ Seitenfus, 185.

¹⁶⁹ APAA: File R 27196, Doc. 170829, May 21, 1938.

¹⁷⁰ Journal entry from May 4, 1938: Vargas, 128

¹⁷¹ APAA: File R 27196, Doc. 170957, June 2, 1938. Seitenfus, 185.

¹⁷² Hilton, 275.

World War II, both nations recognized the potential economic and political consequences of a complete diplomatic rupture. On October 4, 1938, Germany issued a report emphasizing that “from an economic point of view, Brazil is for us (Germany) by far the most important country in America”.¹⁷³ The report also expressed concern over the possibility that Foreign Minister Oswaldo Aranha might “use his influence to intensify further the political opposition (to Germany) and also disturb the economic relations between the two countries”.¹⁷⁴

A subsequent report, however, suggested that Aranha’s position within the *Estado Novo* had become “weakened”.¹⁷⁵ This perception stemmed from a scandal involving Aranha’s brother, who had been implicated in assisting the escape of a general involved in the failed Integralist coup. Amid the controversy, Aranha offered his resignation. Vargas, however, refused to accept it, citing their friendship and Aranha’s political importance. As observed by U.S. Ambassador Jefferson Caffery, Aranha was the “logical leader” of an opposition group to the *Estado Novo*, a regime he had publicly criticized.¹⁷⁶

The German Foreign Office continued to view the United States as the primary instigator of political opposition to Germany in Brazil. However, while considerations regarding the position of the Roosevelt administration certainly played a role, no evidence was found to suggest that Vargas’ nationalization campaign was a result of direct U.S. influence.

The U.S. Position: From Neutrality to Hemispheric Security

By 1936, the United States remained committed to a policy of non-intervention in European affairs. However, the victory of Franco in the Spanish Civil War and Mussolini’s invasion of Ethiopia convinced President Roosevelt that war in Europe was inevitable. Roosevelt described spending “unnumbered hours thinking and planning how war may be kept from this nation”.¹⁷⁷ While avoiding war was a priority, Roosevelt did not support a rigid neutrality in American foreign policy. When the first Neutrality Act was passed in 1935, Roosevelt refrained from engaging in a public debate on the matter, as upcoming elections and strong public support for measures to avoid another war made such discussions politically disadvantageous.¹⁷⁸

Although Roosevelt accepted certain aspects of neutrality, he envisioned legislation that was more flexible and selective. For Roosevelt and Secretary of State Cordell Hull, an ideal neutrality policy would permit sanctions solely against nations engaging in acts of aggression.¹⁷⁹ Congress, however, took a stricter stance. In 1935, it passed a law prohibiting the sale of arms to any nation

¹⁷³ Report possibly meant South America. APAA: File R 104941, Doc. E519580, October 4, 1938.

¹⁷⁴ *Ibid.*

¹⁷⁵ APAA: File R104941, Doc. E043902-03, December 5, 1938.

¹⁷⁶ Hilton, 278.

¹⁷⁷ CPDOC: OA cp 1936.09.15/5, rolo 14, fot. 675.

¹⁷⁸ Stuart Weiss, “American Foreign Policy and Presidential Power: The neutrality act of 1935”, in *Journal of Politics* 30, no. 3 (August, 1968), 682, accessed December 28, 2015, <http://www.jstor.org/stable/2128800>.

¹⁷⁹ Julius Pratt, *A History of United States Foreign Policy* (Englewood Cliffs: Prentice-Hall, 1955), 598.

involved in conflict, regardless of the circumstances. This tension between Roosevelt's administration and Congress over the scope and application of neutrality remained a defining feature of American foreign policy until 1941.¹⁸⁰

Roosevelt approached the topic of war cautiously in his public speeches, balancing political sensitivities with his personal views on neutrality. One of his most notable addresses on the subject, delivered at Chautauqua in 1936 during his re-election campaign, combined anti-war rhetoric with subtle critiques of neutrality. Known as the "I hate war" speech, it reflected Roosevelt's acknowledgment that "even the Nation which most ardently desires peace may be drawn to war". He further argued that nations which "provoke" wars "forfeit the sympathy of the people of the United States".¹⁸¹

Following his second inauguration in 1937, Roosevelt articulated his position more assertively in the "Quarantine Speech". While reiterating his commitment to preventing American involvement in foreign wars, Roosevelt emphasized that "peace-loving nations must make a concerted effort in opposition to those violations of treaties and those ignoring of humane instincts which today are creating a state of international anarchy and instability from which there is no escape through mere isolation or neutrality".¹⁸² With his re-election providing greater political capital, Roosevelt negotiated modifications to American neutrality laws with Congress. Unlike the Neutrality Acts of 1935 and 1936, the Neutrality Act of 1937 granted discretionary powers to the President, enabling him to enforce the Act's provisions at his discretion under the "cash-and-carry" principle.¹⁸³ This principle allowed belligerent nations to purchase non-military goods from the United States, provided they paid upfront and arranged for the transportation of the goods themselves.

Although Roosevelt refrained from naming specific countries in his 1937 "Quarantine Speech", his criticisms were clearly aimed at the Axis powers in Berlin, Rome, and Tokyo. Roosevelt was also deeply concerned about the spread of fascism in Latin America, which initially shaped the United States' unfavorable response to Vargas' 1937 coup.¹⁸⁴ Among the Brazilian dictator's policies that drew American disapproval was the suspension of payments on bonds valued at \$1.5 million, owed to American creditors.¹⁸⁵ Rather than pursuing retaliatory measures, the U.S. Department of State opted for a diplomatic approach to resolve the bond issue. This strategy sought to prevent further deterioration in U.S.-Brazilian relations and to discourage any potential alignment between Brazil and Berlin.¹⁸⁶

¹⁸⁰ See: Stuart Weiss, "American Foreign Policy and Presidential Power: The neutrality act of 1935", in *Journal of Politics* 30, no. 3 (August, 1968), accessed December 28, 2015, <http://www.jstor.org/stable/2128800>.

¹⁸¹ Address at Chautauqua, N.Y., August 14, 1936, accessed December 28, 2015, <http://www.presidency.ucsb.edu/ws/?pid=15097>

¹⁸² Roosevelt's Quarantine speech, October 5, 1937, accessed December 28, 2015, <http://millercenter.org/president/speeches/speech-3310>.

¹⁸³ Pratt, 602.

¹⁸⁴ See section 3.1.

¹⁸⁵ FRUS: The American Republics (1938), 374. Seitenfus, 165.

¹⁸⁶ *Ibid.*

THE PARTNERSHIP THAT NEVER WAS

From the American perspective, Brazil's transition to a fascist-inspired dictatorship under Vargas was less significant than the opportunities it created for restoring economic ties and promoting hemispheric security. Furthermore, by strengthening relations with Brazil, President Roosevelt aimed to curtail Argentina's regional influence. For decades, Argentina had assumed a leadership role in South America and often resisted Washington's initiatives.¹⁸⁷ At the 1938 Lima Conference, Argentina opposed a break with the Axis powers. Argentine Foreign Minister José Cantilo sought Brazil's support against American collective security proposals, but Oswaldo Aranha alerted Cordell Hull and Sumner Welles to Argentina's plans to undermine the conference.¹⁸⁸ German and Italian observers were also present in Lima, attempting to persuade Latin American countries to reject the U.S.-led security framework.¹⁸⁹

At the conference, the United States adopted a conciliatory approach by excluding "economic and cultural matters" from the final resolution.¹⁹⁰ Nevertheless, Brazil and the United States remained firmly committed to hemispheric security. While Aranha believed Germany might provide support if a European conflict extended to the Americas, the U.S. signaled its willingness to offer military assistance to Latin American nations. In correspondence with Welles, Aranha highlighted Brazil's military weaknesses, emphasizing that arming Brazil was crucial to any successful hemispheric defense strategy. Despite Roosevelt and Hull's support, isolationist sentiment in Congress blocked the passage of legislation needed to export armaments to Brazil.¹⁹¹

Argentina ultimately conceded to the collective security principles proposed at Lima, including the distinction between American and non-American interventions — a key point of contention with the United States. However, it was Brazil that emerged from the conference with a stronger diplomatic position. Former Brazilian Foreign Minister Afrânio de Melo Franco mediated negotiations between the United States and Argentina, securing a significant diplomatic victory for Brazil. Brazilian efforts ensured the unanimous approval of the Lima Declaration, which committed all American nations to the defense of hemispheric security. Aware of its own military limitations but rich in strategic resources, Brazil achieved its primary objective: guaranteeing U.S. solidarity in the event of a conflict.¹⁹²

Although Roosevelt did not directly interfere in Vargas' policies against Germany between 1937 and 1938, he capitalized on the diplomatic rupture with Germany and the appointment of Oswaldo Aranha to rebuild and solidify the American-Brazilian alliance. Between 1939 and 1942, relations between Brazil and the United States deepened, firmly establishing American influence in Brazil. In addition to expanding its economic presence, the United States implemented cultural initiatives

¹⁸⁷ Fredrick Pike, *FDR's Good Neighbor Policy* (Austin: University of Texas Press, 1995), 240.

¹⁸⁸ FRUS: *The American Republics* (1938), 47. Also: Seitenfus, 236 and Gerson Moura, *Estados Unidos e América Latina* (São Paulo: Contexto, 1991), 31.

¹⁸⁹ FRUS: *The American Republics* (1938), 50-51.

¹⁹⁰ *Ibid.*, 49-50.

¹⁹¹ McCann, 118-119.

¹⁹² McCann, 121-122.

aimed at promoting anti-German sentiment and fostering greater sympathy for the U.S. among the Brazilian public.

4. The Road to War

As the global conflict drew nearer, Brazil's political and economic strategies increasingly reflected the pressures of a world on the brink of war. The previous chapters explored the diplomatic crisis with Nazi Germany and the early signs of Brazil's alignment with the United States. Chapter 4 continues this analysis, examining how Brazil navigated the intersecting challenges of geopolitical tensions and national development as tensions in Europa escalated.

The chapter begins by analyzing the aftermath of the German-Brazilian crisis, focusing on Brazil's suppression of Nazi propaganda and its efforts to maintain diplomatic relations without compromising sovereignty. It then examines the Aranha Mission and the establishment of the Brazilian Steel Company (*Companhia Siderúrgica Nacional*), a milestone that symbolized Brazil's industrial aspirations and its growing partnership with the United States. The chapter concludes by exploring Brazil's role in hemispheric neutrality and the cultural and economic strategies deployed by the Office of Inter-American Affairs (OIAA) to counter Axis influence in Latin America. Together, these developments illuminate Brazil's calculated steps toward greater integration into the Allied camp, marking a critical juncture on its path to war.

The Aftermath of the German-Brazilian Crisis

Oswaldo Aranha shared President Roosevelt's conviction that a European conflict was imminent. Key events in 1938 signaled a growing radicalization of Nazi Germany, including Hitler's annexation (*Anschluss*) of Austria and the further "Nazification" of the German cabinet, marked by the appointment of Joachim von Ribbentrop as Minister of Foreign Affairs. These changes also affected the *Auslandsorganisation* (AO). Ernst Wilhelm Bohle was relieved of his role as head of the AO and reassigned to a lower administrative position within the Foreign Office. In Brazil, Hans Henning von Cossel, the head of the AO's *Landesgruppe Brasilien*, was integrated into the German Embassy staff and began reporting directly to Rudolf Hess and Ribbentrop.¹⁹³

As cultural adviser to the German Embassy in Rio de Janeiro, von Cossel sought to sustain Nazi propaganda efforts through local Nazi-affiliated groups. However, these activities faced increasing obstacles as opposition in the Brazilian press intensified and arrests of German nationals became more frequent.¹⁹⁴ Vargas' government further curtailed Nazi influence by censoring *Deutschen Morgen*, the AO's official newspaper and primary propaganda outlet.¹⁹⁵ During the period between the diplomatic rupture and the appointment of new ambassadors, Brazil adopted a conciliatory stance, while Germany expressed continued dissatisfaction with Brazil's nationalization policies.

¹⁹³ AAPA: File R27196, Doc. 170964, June 23, 1938.

¹⁹⁴ AAPA: File R104940, Doc. E519469, June 15, 1938.

¹⁹⁵ AAPA: File R27196, Doc. 170981, July 6, 1938.

Italy played a key role in mediating the reestablishment of diplomatic relations between Brazil and Germany, with Germany cooperating in the process.¹⁹⁶ The German Foreign Office believed that appointing a new ambassador could reverse the ban on the *Auslandsorganisation* (AO)'s activities in Brazil and enhance economic cooperation between the two nations.¹⁹⁷ However, Oswaldo Aranha provided clear and strict instructions to the newly appointed Brazilian Ambassador to Berlin, Cyro de Freitas Valle. Aranha emphasized the importance of preserving Brazilian neutrality while fostering improved German-Brazilian relations. Valle was directed to avoid involvement in European political matters while safeguarding Brazil's economic interests in the region.¹⁹⁸

Brazil's efforts to sustain its trade relations with Germany proved effective in the year following the diplomatic crisis. After a brief suspension of Brazilian purchases using compensation marks, trade relations between the two countries resumed in October 1938. Germany's growing need for raw materials in preparation for war increased Brazil's importance as a trade partner.¹⁹⁹ By 1939, both nations agreed to expand trade quotas, increasing cotton exports by 15% and other products by 10%.²⁰⁰ Between 1939 and 1940, arms purchases dominated German exports to Brazil.²⁰¹ Recognizing the obsolescence of its military equipment, Brazil signed agreements in 1938 and 1939 with the German company Krupp to modernize its armaments.²⁰²

In 1940, however, Brazil's trade with Europe experienced a sharp decline, driven primarily by a dramatic reduction in trade with Germany. The nominal value of German imports from Brazil fell by approximately 75%.²⁰³ A similar trend was evident on the imports side of Brazil's trade balance, as Brazilian imports from European countries dropped from 52% to 26%, with imports from Germany declining in nominal value by 86%.²⁰⁴ Notably, only two European countries, the United Kingdom and Italy, increased their share of the Brazilian market during this period.²⁰⁵

These significant shifts in trade patterns were a direct consequence of the outbreak of World War II. Germany's economy underwent a complete reorganization to prioritize the war effort, redirecting resources that had previously been exported to Brazil for domestic use.²⁰⁶ Meanwhile,

¹⁹⁶ AHI: Relações Brasil-Alemanha, Estante 4, Prateleira 4, Vol. 11, January 17, 1939.

¹⁹⁷ Seitenfus, 248.

¹⁹⁸ *Ibid.*, 249-250.

¹⁹⁹ Andrea Rahmeier, *Relações Diplomáticas e Militares entre a Alemanha e o Brasil: da proximidade ao rompimento 1937-1942* (PhD diss. Pontifícia Universidade Católica do Rio Grande do Sul/PUCRS, 2009), 185.

²⁰⁰ *Ibid.*, 186.

²⁰¹ Rinke, "Alemanha e Brasil, 1870-1945: uma relação entre espaços." *História, Ciências, Saúde* 21, no. 1 (Spring 2014) "Novos Estados" e uma Guerra generalizada, 1933-1945, 4th paragraph.

²⁰² Cervo and Bueno, 234. Seitenfus, 273.

²⁰³ Seitenfus, 272.

²⁰⁴ *Ibid.*, 271.

²⁰⁵ *Ibid.* Also, Marcelo de Paiva Abreu, "A economia brasileira 1930-1964" in Angela de Castro Gomes, *História Contemporânea da América Latina: Olhando para dentro* (Rio de Janeiro: Objetiva, 2013), 13, accessed January 6, 2016, <http://www.econ.puc-rio.br/pdf/td585.pdf>

²⁰⁶ AHI: Ofício n. 30, Estante 4, Prateleira 3, Vol. 10. Also, Abreu, 2013, 12.

the British naval blockade of the Atlantic severely restricted Brazil's ability to import German goods. Consequently, the war forced a regionalization of Brazil's trade, reducing its reliance on European partners and accelerating its economic pivot toward the United States.²⁰⁷

The United States was not the only country to fill the trade vacuum left by Germany. The United Kingdom also played a significant role in Brazilian trade after 1940. In the mid-1940s, Brazil and the U.K. signed a new trade agreement. While the short-term impact of the accord was modest, it enabled Brazil to accumulate substantial reserves of British pounds after 1942.²⁰⁸ Since the Wall Street Crash, Brazil had faced persistent challenges with its foreign currency reserves. The agreement with Britain mitigated these difficulties and helped prevent an increase in Brazil's foreign debt as the country prepared for its entry into the war.²⁰⁹

Although Brazil had aimed, after 1937, to transition gradually from its economic reliance on Germany to closer ties with the United States, the onset of war demanded a more rapid shift. Between 1939 and 1942, American initiatives to strengthen commercial ties with Brazil acquired an ideological dimension. These campaigns capitalized on existing anti-German sentiment in Brazilian public opinion and promoted propaganda that aligned with Vargas' nationalism. This approach was designed to foster pro-American attitudes while discouraging the resurgence of anti-American sentiments in Brazil.

The Aranha Mission and the Brazilian Steel Company

Seizing the opportunity created by Brazil's diplomatic break with Germany, President Roosevelt sent a telegram to Vargas emphasizing the need for a bilateral conference to strengthen relations between the two countries. In the message, Roosevelt invited Foreign Minister Oswaldo Aranha to lead a delegation of prominent Brazilians to Washington to discuss key issues affecting U.S.-Brazilian relations.²¹⁰

Secretary of State Cordell Hull instructed the U.S. Embassy in Brazil to outline the Department of State's goals and expectations for the Aranha mission. The primary focus was on defense cooperation, with Brazil expressing concerns about the weaknesses of its armed forces. Hull proposed American assistance in agricultural development and hydrographic studies as part of broader cooperation efforts. Additional points on the agenda included Brazil's foreign debt, the conflict between Peru and Ecuador, and the treatment of American businesses operating in Brazil.²¹¹ Hull's approach reflected a U.S. perception of Brazil as a key supplier of raw materials. While Aranha acknowledged the importance of reestablishing commercial relations and the centrality of raw material production to that goal, Brazil also had specific priorities, including the

²⁰⁷ Cervo and Bueno, 236. Also, Abreu, 2013, 12.

²⁰⁸ Abreu, 2013, 13.

²⁰⁹ See: Abreu, 2013.

²¹⁰ Seitenfus, 240.

²¹¹ FRUS: The American Republics (1939), 349.

establishment of a central bank.²¹²

Point II of Aranha's letter to Hull made Brazil's intentions explicit: "The Brazilian government has decided to create a Central Reserve Bank" and "to this end, a line of credit in American currency, intended exclusively for this purpose, would be desirable in order to ensure relative stability in the value of the *milréis* within the policy described".²¹³ In response, Hull instructed Aranha to submit a detailed plan for the operations of the proposed Central Bank, with the understanding that its establishment would be contingent on resolving Brazil's debt crisis. The primary objective of U.S. diplomacy was to secure Brazil's financial and economic stability, thereby mitigating risks that could disrupt the operations of American companies in Brazil in the future.²¹⁴

The American press echoed the optimism within the State Department, highlighting the potential benefits of stronger U.S.-Brazilian economic ties. The Export-Import Bank agreed to extend the necessary credit for Brazil's economic stabilization, while Roosevelt committed to rallying congressional support for the establishment of the Central Bank.²¹⁵ However, in Brazil, the initiative faced resistance from the military, who had their own priorities. The absence of immediate and tangible measures to modernize the Brazilian armed forces frustrated the Minister of War and other military leaders. Furthermore, many within the military, who were sympathetic to the Third Reich, viewed the creation of a Central Bank as a concession to U.S. influence, intensifying internal tensions over Brazil's alignment in the emerging global conflict.²¹⁶

The tangible outcomes of the Aranha mission were relatively modest. The final agreement prioritized trade cooperation between Brazil and the United States, leaving issues such as immigration and defense largely unaddressed. Additionally, discussions reflected a U.S. perception of Brazil primarily as a supplier of raw materials, overshadowing Brazil's proposal for "limited industrialization".²¹⁷ However, the mission did establish the groundwork for future negotiations on industrialization, laying the foundation for a long-term partnership in this area.²¹⁸ For this reason, the Aranha mission should not be viewed as a failure. Shortly after the mission's conclusion, Brazil resumed discussions with the United States regarding the ambitious Steel Industry project championed by Vargas.²¹⁹

In April 1939, a technical mission was dispatched to the United States to engage with U.S. Steel, the company designated to lead the development of Vargas' *Companhia Siderúrgica Nacional* (National

²¹² Moura, 116-117.

²¹³ Milreis: Brazilian currency at the time. FRUS: The American Republics (1939), 353.

²¹⁴ Moura, 117.

²¹⁵ McCann, 128

²¹⁶ *Ibid.*, 131.

²¹⁷ Moura, 118-119.

²¹⁸ Seitenfus, 243-244. McCann, 147.

²¹⁹ CPDOC: OA cp 1939.01.06, rolo 16, fot. 288-297.

Steel Company).²²⁰ Roosevelt had made American involvement in the project a condition for providing financial support.²²¹ For Roosevelt, the participation of American companies in Brazil's industrial ventures aligned with his broader hemispheric security strategy, and he greeted Vargas' request for funding with enthusiasm.²²² Nevertheless, negotiations proved challenging. While U.S. Steel's financial commission initially approved the Brazilian proposal, it later reversed its position, making its involvement contingent on the resolution of Brazil's foreign debt obligations.²²³

Caught off guard by the shift in U.S. Steel's position, Vargas hinted at the possibility of seeking Germany's support, specifically through the German company Krupp. In response, the German Foreign Office discussed the idea of reinstating Karl Ritter as Ambassador to Brazil in 1939. Ritter's return was to include an offer from Krupp to take on the National Steel Company project. However, Aranha's staunchly pro-American stance and his opposition to Ritter prevented Germany from formally presenting its proposal to Vargas.²²⁴

The timing of Vargas' insinuation aligned with heightened American fears of a German-Brazilian alliance, allowing Brazil to leverage these concerns in negotiations. This bargaining coincided with the rapid military successes of Nazi forces in Europe during early 1940. On June 11, 1940, aboard the battleship *Minas Gerais*, Vargas delivered a speech lamenting the collapse of civilization and praising "the strong nations that impose themselves through organization based on patriotic sentiment sustained by the conviction of their own superiority," a veiled reference to Germany. While Vargas began his address by reaffirming Pan-Americanism, he concluded with a critique of "irresponsible liberalisms, empty demagogies, and useless personalisms that promote disorder", reflecting a tone sympathetic to Axis ideologies.²²⁵ Eighteen days later, Vargas delivered a second speech with a similarly pro-Axis tenor, further signaling an ambiguous positioning with regards to his allegiances.²²⁶

The speeches achieved their intended purpose. Germany interpreted Vargas' addresses as a signal that Brazil might be open to resuming negotiations with the Reich.²²⁷ This perception was reinforced by extensive coverage of Brazil in the German press. The official Nazi newspaper, *Völkischer Beobachter*, celebrated Vargas' decade in power, running headlines such as "Brazil understands the new peoples of Europe", "The Blossom of a New Era", and "President Vargas

²²⁰ Ibid.

²²¹ Cervo and Bueno, 259.

²²² CPDOC: OA cp 1939.01.06, rolo 16, fot. 288.

²²³ Pérola Pereira, *As Relações entre Brasil e os Estados Unidos da América durante a Segunda Guerra Mundial: Atores e Dinâmicas da Construção da Aliança 1939-1944* (MA thesis, Universidade de Brasília, 2013), 46.

²²⁴ Luiz Alberto Moniz Bandeira, *Presença dos Estados Unidos no Brasil* (Rio de Janeiro: Civilização Brasileira, 2007), 373.

²²⁵ Vargas speech at the battleship *Minas Gerais*, June 11, 1940, accessed January 8, 2016, <http://www.biblioteca.presidencia.gov.br/ex-presidentes/getulio-vargas/discursos-1/1940/21.pdf/view>

²²⁶ Moura, 152.

²²⁷ AHI: Ofício n. 109, Estante 4, Prateleira 4, Vol. 4, July 5, 1940.

Against Liberalism and the Domain of Castes”.²²⁸

Despite Vargas’ assurances of alignment with the United States, his speeches raised concerns among American officials. However, as discussed in the previous sections, a genuine rapprochement with Germany at this point was improbable. While Germany proposed increasing its purchases of Brazilian goods, the plan would only be implemented after the war, making it an impractical option for Brazil.²²⁹ Instead, Vargas’ implied threat of rekindling ties with Germany functioned as a strategic tool to pressure the United States. This tactic proved successful: in September 1940, the United States agreed to provide the technology and financial support necessary for the Brazilian steel enterprise, ensuring its realization.²³⁰

The outbreak of war in Europe created a heightened sense of urgency within Roosevelt’s administration. After 1939, the United States adopted a more proactive approach in promoting hemispheric neutrality and security. Ensuring neutrality and establishing a robust hemispheric defense became central priorities for Roosevelt’s foreign policy. Brazil, due to its strategic geographic position, received particular attention from the United States, as demonstrated by the extensive negotiations surrounding the establishment of the Brazilian Steel Company. In addition to economic cooperation, cultural diplomacy emerged as a key instrument in American foreign policy toward Latin America, aimed at securing the neutrality and allegiance of the American Republics during this critical period.

Hemispheric neutrality and the Office of Inter-American Affairs (OIAA)

Between 1939 and 1941, President Roosevelt and the U.S. Congress remained at odds over the issue of neutrality.²³¹ Following Hitler’s invasions of Czechoslovakia and Poland in 1939, Roosevelt pressed Congress to provide the executive branch with greater flexibility in responding to global events. He argued for the retention of the cash-and-carry principle, asserting that “neutrality laws may operate unevenly and unfairly — may actually give aid to an aggressor and deny it to the victim”.²³² Ultimately, Roosevelt’s active neutrality approach prevailed over congressional isolationism, culminating in the passage of a new Neutrality Act in November 1939, which repealed the arms embargo.²³³

At the same time, the United States expanded its efforts to enforce hemispheric neutrality, consistent with the principles outlined by Roosevelt. The foreign ministers of the American Republics convened in Panama to negotiate the terms of “continental neutrality”. Argentina

²²⁸ AHI: Oficio n. 109, Estante 4, Prateleira 4, Vol. 4, July 5, 1940.

²²⁹ Cervo and Bueno, 260.

²³⁰ *Ibid.*, 261.

²³¹ See section 3.4.

²³² Roosevelt message to Congress, September 21, 1939, accessed January 9, 2016, <http://www.presidency.ucsb.edu/ws/index.php?pid=15813#>

²³³ McCann, 146.

adopted a stance similar to its position at the 1938 Lima Conference, advocating for a form of neutrality that preserved the right of American nations to trade freely with belligerent countries. Supported by Germany and Italy, Buenos Aires resisted stricter limitations on economic engagement. In Brazil, the crisis stemming from U.S. Steel's refusal to lead the Vargas Steel Industry project and the reestablishment of diplomatic relations with Germany prompted a shift in Brazil's stance during these negotiations.²³⁴

Brazil tacitly supported principles of neutrality aligned with Argentina's position but avoided taking an active role in the negotiations at the Panama Conference.²³⁵ Domestically, Brazil's neutrality was regulated by a law enacted in September 1939, which specified the conditions under which ships from belligerent nations could access Brazilian ports. Article 16 allowed these ships to approach Brazilian territory to unload goods destined for Brazil.²³⁶ Internationally, however, Brazil publicly endorsed the declarations issued at the Panama Conference, which emphasized Pan-American cooperation.²³⁷ The conference established a neutral zone in the Americas and created the Inter-American Economic and Finance Committee to mitigate the economic consequences of the European war in the region.²³⁸

The lack of provisions in the Panama Declaration regarding free trade with belligerent nations pleased the Third Reich. Nazi Germany interpreted Vargas' apparent resistance to U.S. influence as a sign of Brazil's alignment with the Axis powers. Official Nazi Party publications in 1940 praised Brazil as a friend of the "new peoples of Europe" and as a nation resisting American dominance.²³⁹ In reality, Vargas was using Berlin's favorable perception to strengthen his bargaining position with the United States. This strategy became evident in September 1940, when Vargas quickly accepted Roosevelt's offer of financial and technological support, revealing his true intent to align with the U.S. to advance Brazil's domestic goals.²⁴⁰

In addition to providing the resources for Brazil's development projects, Roosevelt sought to secure Brazil's allegiance through targeted campaigns aimed at influencing Brazilian public opinion. Popular support was a cornerstone of the Vargas regime, and convincing the Brazilian public of the threat posed by Germany and Germans was critical to ensuring Brazil's return to the American sphere of influence. Simultaneously, Roosevelt aimed to portray the United States as a trustworthy

²³⁴ Seitenfus, 259.

²³⁵ OA cp 1940.01.04/2, rolo 16, fot. 963-965

²³⁶ Decreto-lei n. 1561, September 2, 1939. Accessed January 10, 2016, <http://www2.camara.leg.br/legin/fed/decllei/1930-1939/decreto-lei-1561-2-setembro-1939-411486-publicacaooriginal-1-pe.html>

²³⁷ Seitenfus, 259.

²³⁸ McCann, 146. Seitenfus, 262.

²³⁹ AHI: Ofícios n. 91, 109, 165, 183, 214 and 215, Estante 4, Prateleira 4, Vol. 5.

²⁴⁰ See section 4.2.

ally of all American nations, working to diminish longstanding anti-American sentiments in Latin America.²⁴¹

During the Aranha mission, Brazil proposed a bilateral discussion on radio broadcasts and the exchange of content between the two countries.²⁴² Amidst the strained relations between Brazil and the U.S., a group led by Nelson Rockefeller presented President Roosevelt with a plan to “formulate and execute programs to enhance hemispheric solidarity and advance a spirit of inter-American cooperation”.²⁴³ Roosevelt, recognizing the importance of cultural exchange, had already taken steps in this direction. In 1938, the U.S. federal government subsidized Moore-McCormack Lines to establish regular steamship routes to Rio de Janeiro and Buenos Aires, offering discounted fares for students and teachers planning extended stays in their destination countries.²⁴⁴ Rockefeller’s proposal, however, was more ambitious. It advocated for economic relations between the U.S. and Latin America to be guided by the cultural and economic needs of debtor nations, rather than focusing solely on the demands of creditors.²⁴⁵

Inspired by Rockefeller’s proposal, Roosevelt established the Office for Coordination of Commercial and Cultural Relations between the Americas in August 1940, later renamed the Office of Inter-American Affairs (OIAA). Conceived as a partnership between the U.S. government and the private sector, the OIAA was often described as a “factory of ideologies”. It consisted of seven departments, three of which were particularly active in Brazil: the Department of Economic Development, the Department of Information, and the Department of Press and Publications.

The Department of Press and Publications initially focused on countering Nazi propaganda and encouraging the dissemination of the “fifth-column” narrative in the Brazilian press while simultaneously promoting American values.²⁴⁶ These efforts were complemented by the work of the Research Division within the Department of Economic Development, which translated scientific texts into English and Portuguese to make them accessible in both countries. The Research Division also facilitated visits from members of the American National Research Council, who inspected Brazilian laboratories and fostered scientific cooperation between the U.S. and Brazil.²⁴⁷

The Department of Information was the largest and most influential branch within the OIAA. With an office in Hollywood, its Motion Picture Division financed the production of films specifically tailored for Latin American audiences.²⁴⁸ Given Brazil’s high illiteracy rates, movies proved to be a particularly effective medium for disseminating messages. The OIAA encouraged

²⁴¹ Antonio Pedro Tota, *Seduction of Brazil: The Americanization of Brazil during World War II* (Austin: University of Texas Press, 2009), 28.

²⁴² FRUS: *The American Republics* (1939), 349.

²⁴³ Gerson Moura, *Relações Exteriores do Brasil: 1939-1950* (Brasília, Fundação Alexandre Gusmão, 2012), 60.

²⁴⁴ McCann, 108.

²⁴⁵ Tota, 28.

²⁴⁶ AAPA: File R29548, Doc. 157118. Moura, 76.

²⁴⁷ McCann, 247-249. Moura, 2012, 77.

²⁴⁸ Moura, 2012, 77

filmmakers to research the customs and traditions of Latin American nations and ensured that the content avoided offensive portrayals of Latin American cultures or American institutions.²⁴⁹ Unlike the propaganda produced by the *Auslandsorganisation*, the OIAA's commissioned works integrated elements and characteristics closely associated with Brazilian national identity, fostering a sense of cultural respect and familiarity.

Despite these efforts, the OIAA's activities were not immune to criticism, with accusations of cultural imperialism arising in Brazil. One notable example involved Brazilian singer Carmen Miranda, who faced backlash from the Brazilian public for being perceived as "Americanized" after moving to the United States. In response, she released the song "They Say I Came Back Americanized", reaffirming her Brazilian identity.²⁵⁰ Despite these criticisms, Miranda's popularity skyrocketed in the United States, where the OIAA leveraged her fame to promote the U.S.-Brazilian partnership. She became a prominent figure in Hollywood, starring in films such as *Down the Argentine Way*, which highlighted the cultural ties between the American Republics.

The productions by Walt Disney proved even more successful in captivating Brazilian audiences. The film *Saludos Amigos* introduced Joe Carioca, a charming and overly friendly parrot adorned in the colors of the Brazilian flag.²⁵¹ In the fourth segment of the movie, dedicated to Brazil, Joe Carioca welcomes Donald Duck to Rio de Janeiro, guiding him through a vibrant tour that highlights samba and cachaça as iconic elements of Brazilian culture.²⁵² The sequence was accompanied by *Aquarela do Brasil (Watercolor of Brazil)*, a song by the renowned Brazilian composer Ary Barroso, which inspired Disney's portrayal of Rio's lively atmosphere.

Before the United States entered the war, the OIAA experienced a significant expansion in its budget and workforce, reflecting its growing influence. The popularity of Carmen Miranda's performances and Walt Disney's productions among Latin American audiences, combined with economic aid, fostered goodwill from both the Brazilian government and the public. Brazilians increasingly identified with characters from American films, which reinforced cultural ties between the two nations. By 1941, Brazil's economic and cultural alignment with the United States was firmly reestablished. As part of the Lend-Lease Act, Brazil granted the U.S. access to a military base in the country's northeast in exchange for American military supplies, further solidifying the bilateral partnership.²⁵³

After the United States entered World War II in December 1941, following the attack on Pearl Harbor, Brazil swiftly joined the Allied effort. Initially, it supported the war by supplying vital resources to the European front. In 1943, Brazil escalated its involvement by sending the Brazilian Expeditionary Force (FEB), comprising over 25,000 troops, to fight alongside Allied forces in Italy.

²⁴⁹ Tota, 38. Moura, 2012, 77.

²⁵⁰ Tota, 6.

²⁵¹ Zé Carioca in Portuguese.

²⁵² Brazilian distilled spirit made of sugar-cane.

²⁵³ See: Pereira, 62-65.

THE PARTNERSHIP THAT NEVER WAS

Though the soldiers had limited training, they adapted to the harsh conditions of the frontlines and participated in significant battles. Brazil's involvement highlighted its dedication to the collective defense of the Americas, positioning the country to assume a more prominent role as a regional leadership in the emerging post-war multilateral order.

Concluding Remarks

This study has demonstrated that the clash of nationalisms between Germany and Brazil precipitated a diplomatic crisis that ultimately directed Brazil's allegiance toward the United States. During the 1930s, both nations pursued efforts to define and consolidate national identities. However, the crisis was driven by the Nazi regime's emphasis on racialized concepts of international relations and the notion of expanding the German *Volksgemeinschaft* abroad. Hitler's worldview (*Weltanschauung*) clashed irreconcilably with Vargas' vision of nationalism, which tolerated miscegenation, creating an insurmountable barrier to the previously cooperative relationship between the two countries.

As examined in Chapter One, the origins of this crisis can be traced to the 1920s. In Brazil, the unique patterns of German colonization in the southern regions reinforced cultural and social isolation within these communities. Vargas, drawing on the positivist ideals of unity and centralization prevalent in the political culture of Rio Grande do Sul, incorporated these principles into his approach to nationalism and immigration policy. In Germany, Hitler's rise to power elevated the issue of Germans living abroad to a more prominent position in the Third Reich's diplomatic agenda toward South America. The establishment of the *Auslandsorganisation* sought to resist the integration of Germans abroad, directly opposing Vargas' nation-building project. Although Oswaldo Aranha warned the 1934 Constitutional Assembly of the importance of addressing nationality issues, Vargas prioritized economic relations with Germany over resolving the matter. By this time, however, tensions surrounding German communities in Brazil were showing evidence of a crisis in waiting.

The findings support Gerson Moura's argument of "pragmatic equidistance". The economic instability of the United States following the 1929 crash allowed Brazil to temporarily distance itself from the American sphere of influence. However, as Aranha's appointment as ambassador to the United States illustrates, Brazil never intended to sever its partnership with Washington. Economic relations with Germany during this period were a matter of convenience: Brazil exported goods to Germany that the American market could not absorb. Even at the height of German-Brazilian cooperation in 1936, there is no evidence of the desire for a rupture in U.S.-Brazilian relations.

The return to a dictatorial regime in 1937 marked a turning point for Vargas, as he revived plans introduced during the 1929 campaign and his provisional government (1930–1934), specifically nationalization and industrialization. In the early years of the regime, however, Vargas lacked a concrete strategy for implementing nationalization or fostering industrial growth amidst the global economic crisis. Until 1937, his nation-building efforts were limited to immigration restrictions and promoting the diversification of raw material production as a means of economic recovery.

After 1937, Vargas sought to maintain a delicate balance between Germany and the United States. Germany's perception that Germans abroad were an integral part of the German nation led

it to view Brazil's nationalization policies as a direct affront to its national interests. Germany's unwillingness to relinquish control over its expatriates exacerbated tensions, which were further intensified by the confrontational approach of Karl Ritter, the Reich's representative. Ritter's lack of diplomatic tact played a significant role in the interruption of relations between Brazil and Germany in 1938. Vargas, however, recognized the favorable impression these nationalization measures would leave on the U.S. Department of State. While the United States harbored concerns regarding Vargas' authoritarian turn and Brazil's debt crisis, there is no evidence of direct American intervention in Brazil during the events of 1938. Nevertheless, the United States undoubtedly capitalized on Brazil's rupture with Germany to reassert its influence in the region.

Between 1938 and 1942, the American economy showed signs of recovery, despite occasional crises. Brazil recognized this as an opportune moment to rebuild its relationship with the United States. Oswaldo Aranha played a decisive role in this effort. His tenure as Ambassador in Washington and his close relationships with President Roosevelt, Undersecretary of State Sumner Welles, and key figures in American business circles significantly facilitated negotiations for American credit. Although the agreements reached during the Aranha Mission had a limited immediate impact on economic relations, they marked a critical step in restoring ties between Vargas and Roosevelt. The mission also laid the groundwork for increased American cultural and economic influence in Brazil, solidified by the establishment of the Office of Inter-American Affairs (OIAA) under Nelson Rockefeller in 1940. Despite Vargas' threats to reopen negotiations with Germany regarding the Brazilian National Steel Company, both Vargas and Aranha were convinced that if a war involving the Americas were to break out, aligning with Roosevelt and the United States would be Brazil's only viable option.

At the same time, anti-German sentiment and *fifth column* rhetoric gained momentum in the Brazilian press. The Brazilian government intensified its surveillance of German nationals, leading to systematic arrests of individuals accused of espionage. Although diplomatic relations with Germany were reestablished in 1939, trade between the two nations declined significantly after the outbreak of the war. Unlike American neutrality, which sought to avoid involvement in the conflict, Brazilian neutrality aimed to preserve trade with both Allied and Axis powers. Despite the reduction in German-Brazilian trade, Germany continued to serve as a valuable bargaining chip for Vargas in his negotiations with the Roosevelt administration, enabling Brazil to secure greater concessions from the United States.

Incorporating the United States into the analysis of deteriorating German-Brazilian relations, rather than examining the crisis in isolation, underscores the pivotal role of nationalization measures as a turning point. By 1938, Brazil had already demonstrated its intention to realign itself with the United States, though it sought to execute this transition gradually. However, the outbreak of war in Europe disrupted Brazil's plans for a smooth transition. While maintaining cordial relations with Germany after 1938 to extract economic benefits and sustain uncertainty about its allegiance as a strategic tool, Brazil increasingly shifted toward the United States as the conflict

progressed. The war accelerated the recovery of U.S. economic and cultural influence in Brazil, which had waned during the early years of the Great Depression. Emerging from World War II as a global leader, the United States also facilitated Brazil's ascension as a regional power in South America, solidifying the bilateral partnership in the post-war multilateral order.

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