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The Brazilian Developmentalist State in Historical Perspective: Revisiting the 1950s in Light of Today’s Challenges

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Abstract
The paper assesses the debates between influential writers and decision-makers involved in the fast-paced industrialization Brazil embarked upon in the 1950s. Although the period was shaped by high rates of economic growth championed by charismatic nationalist leaders, disagreements pertaining to the role and configuration of the developmental state gave rise to a hybrid agenda of development which combined both liberalizing and interventionist strategies. Through precarious political compromises, persuasion, and a high degree of demiurgic ambition, the federal Brazilian state advanced a bold project of material and symbolic modernization of important sectors of the national society. In the end, however, a combination of internal disputes and a long legacy of socio-spatial inequalities prevented the achievement of a sustainable course of national development, thus bequeathing the country several unanswered issues which gain further relevance today as Brazil assumes a relevant position within the realms of an ever more complex and interdependent global economy.

Keywords: national developmentalism, Vargas, Kubitschek, industrialization, economic growth, ISEB, neo-liberalism, Brazil, Latin America

Introduction
The recent period of sustained economic growth experienced in Brazil in the last 10 years has motivated a renewed discussion about the long-term direction of national development and the different mechanisms of state intervention in the country’s economy and society. Though
Brazil is increasingly perceived as an emergent nation of more than 140 million consumers, challenges towards achieving a politically sustainable and socially equitable insertion into the globalized economy remain. Critically reflecting on the prospects of the recent process of rapid economic growth in Brazil, this article revisits the paradigmatic phase of fast-paced industrialization and socio-economic reforms which defined the Brazilian society in the 1950s. It was then that, after the turbulence and uncertainty in the inter-war years, the country reached moments of relative and circumstantial political stability (periodically interrupted by dramatic events) by resorting to a strong central government whose policies reflected the productive intellectual exchange between contrasting schools of economic thought.

At the dawn of that decade, Brazil had a population of around 52 million and an economy largely based on the production and export of agricultural commodities. The period nonetheless witnessed a profound transformation once important sectors of the Brazilian society began advocating a substantial redefinition in the nation’s traditional agrarian basis. These social segments put forward different views on what national development should mean, fostering a fruitful debate on which strategies the country should undertake in order to secure long-term economic growth. This historical trend notwithstanding, in the end, a national strategy centered on high rates of economic growth prevailed at the exclusion of more socially inclusive policies. Inspired by the historical parallels between mid-century and today’s challenges, this paper seeks to demonstrate that alternative paths were indeed available during the most promising years of democratic development which defined the Vargas-Kubitschek agenda of modernization.1

The article is structured into three analytical sections. The first one contextualizes the post-war period, particularly the years situated within the so-called ‘developmental decade’ of the 1950s as a way to frame the ensuing more conceptually driven analyses. This portion is
followed by an examination of the different, at times diverging, developmental notions and projects advanced by some of the more articulated and influential intellectual and decision-making groups of the period. As a whole, the second section indicates that, though relevant to most politically organized social segments, promoting fast-paced, state-led national development was by no means a consensual project; nor was such a goal pursued in ways that benefitted the majority of the country’s population. Closing the piece, the third section of the article critically revisits the experiences of the 1950s in light of Brazil’s present-day dilemmas and opportunities.

The 1950s and the Rise of the Developmentalist State in Brazil

In the aftermath of the Second World War the Brazilian economy was still primarily defined by its traditional commodity-exporting activities, although growing sectors of the national elite were also engaged in pursuing economic alternatives that could enhance the circulation and accumulation of capital. Conducive to a new historical course, the experience of the war had facilitated the dissemination of the goal of industrialization particularly among military leaders who defended the creation of national war-related industries (e.g. chemical and aeronautical), which were increasingly seen as vital components of an assertive policy of national security. Along these historical lines, the 1950s emerged as a phase of intense ideological and political debates among military and civilians on the prospects of national economic development. To be sure, an up-beat nationalistic outlook certainly defined much of the period and this trend was reflected in many events shaping the self-image of the nation at the time. In 1958, for instance, Brazil won the soccer World Cup held in Sweden for the first time (a significant achievement in a country where soccer had already become a national obsession) and the new musical style of Bossa Nova was introduced to world audiences. At the close of the
decade, in 1960, Brasília, the country’s new, futuristic-looking capital, was inaugurated in the heartland of the country as the utmost expression of modernist architecture and urban planning. In the same decade, domestically produced automobiles flooded the streets and the growing numbers of highways which crisscrossed Brazil’s immense territory.

In a general sense, the 1950s was largely shaped by the dissemination of a nationalist developmental drive which guided the actions of the country’s two main political leaders of the period. The decade began with the return to power of former president Getúlio Vargas in January 1951, after having conducted what had been until then the most vibrant and geographically extensive presidential campaign in the history of the country. Vargas’s new presidential mandate derived directly from his promise of deepening the path of industrialization Brazil had embarked since his first tenure in power which started with the 1930 nationalist military coup which paved the way for the modernization of the Brazilian state and economy. As the main political figure of that process, Vargas stewarded the creation of a corporatist-like state which, starting in the late 1930s brought together organized business and labor sectors under the auspices of a federal administration acting on a self-attributed role of deepening the path of import-substitutive industrialization. Novel ideas around national development and industrialization were important outcomes of the new configuration of political forces that emerged in the process. Here was also a significant change in the role of the state which started to shift its focus from export-led agriculture and concentrated efforts on economic planning and diversification, including heavy industries and steel production.

Back in power in the early 1950s, this time by the popular vote, Vargas was poised to implement an ambitious agenda of economic growth with some levels of social reform. Vargas’ political platform was inspired in the idea that the goal of industrialization had to be strengthened
amidst the challenges created by the reconfigured international division of labor in the post-war period. In contrast to the self-contained industrial policies during world hostilities, new circumstances required a creative economic paradigm capable of moving beyond the military concerns of earlier industrial initiatives, such as the creation of the National Steel Corporation (Companhia Siderurgica Nacional - CSN) in 1941. This broadened developmental perspective saw industrialization as a *sine qua non* condition for securing economic self-sufficiency and argued that more direct involvement by the national government in a variety of economic activities was essential.²

Within this general political context, throughout the 1950s the Brazilian government increasingly adopted a more aggressive role towards industrial promotion and fast economic growth. This overarching goal was so important that a clear line of continuity between the Vargas (1951-54) and the Kubitschek (1956-1961) administrations can be easily perceived. This was true even in the case of the main foreign policy objectives and approaches pursued in the period, particularly in regards to the ever influential relations with the ‘Colossus of the North’ (i.e. the United States).³ Of special relevance, the Operation Pan-America (OPA), Kubitschek’s personal and most important diplomatic initiative, exerted significant influence in placing the topic of development promotion at the center of the traditionally non-economically driven inter-American relations. OPA also represented a subtle way to reintroduce socio-economic issues in Brazil-USA affairs after Vargas’ unsuccessful dealing with the Eisenhower administration, in the first half of the decade.⁴

In its domestic institutional format, this new historical course was translated into the creation of the National Bank of Economic Development (BNDE), in 1952. The period was also markedly shaped by the dissemination of ideological formulas favoring fast-paced
industrialization which exerted a profound ideational influence among bureaucrats working in the governmental agencies. To be sure, mid-century Brazilian economic thought and policies manifested a pragmatic orientation, especially in light on the growing need felt by important members of national elites for pursuing fast economic growth. This was particular true in the case of the increasingly debated goal of substitutive industrialization which received important conceptual support from the innovative formulations produced by the United Nations-sponsored Economic Commission for Latin America (ECLA) in the late 1940s and early 50s. Along these lines, Vargas’ and Kubitschek’s common agenda can be also demonstrated in the list of economic priorities produced by the BNDE-ECLA Joint Study Group which, coordinated by rising economists of the stature of Roberto Campos (who headed the BNDE staff) and Celso Furtado (representing ECLA), examined the conditions of the country’s economy in the mid-1950s. The Joint-Group produced one of the best analysis of the national Brazilian economy ever published and which inspired the ambitious plan of rapid economic growth by means of targeted investments in key economic sectors implemented by the Kubitschek administration in the second half of the decade, under the appellation of Targets Plan.

Industrialists assembled at the National Industrial Confederation (CNI) and at the Industrial Federation of the State of São Paulo (FIESP), in particular were very receptive to these ideas and, as early as in 1950, the CNI published a special issue of its main publication, the Journal of Economic Studies (Revista de Estudos Econômicos), subscribing to the pro-industrial developmental theses proposed by the ECLA. The Confederation also provided the funds needed to conduct the initial meetings between representatives of the BNDE and ECLA which began taking place at the beginning of 1953. Similarly, the most influential sectors of organized industrial labor in the core urban centers of the country consistently engaged in partaking in the
rich discussion pertaining to national development. That convergence of interests actually shaped the main political contours of the period, particularly in its second half of the 1950s.6

After having run another successful political campaign which also promised rapid economic growth under the label of *fifty years [of progress] in the five years* of his presidential term, Juscelino Kubitschek de Oliveira comes to power in January 31st, 1956. The expression ‘Fifty Years in Five’ was the slogan of the candidate’s political platform and, as an overarching goal, the defining direction of his ensuing administration. On his first day as president, on February 1st, 1956, JK created the national Council of Development (CD), a new umbrella-like agency designed to implement his ambitious developmental plan based on the goal of fast-paced substitutive industrialization. The origins of the new agency can be found in the suggestion made by Lucas Lopes and Roberto Campos who prepared for the new president a list of economic areas to receive special treatment from the administration, which provided the bases for the drafting of the Targets Plan.7

The Council of Development was headed by a Secretary-General, who also served as president of the BNDE, and composed by senior members of both civil and military sectors of the administration requested to serve in different roles. Daily operations were structured around what were called Working and Executive Groups, each one with its own mandate and membership structure. Working Groups performed the functions of investigating specific economic sectors selected as worthy of receiving priority action from the administration and of putting together legal projects in support of these assigned sectors to be presented to the National Congress. These groups did not have any executive role and their decisions were not binding to any sector of the government beyond the Council. Executive Groups, on the other hand, were powerful inter-ministerial bodies which could also include representatives of the business sectors
and which held the legal authority to elaborate binding legal projects for specific sectors of the economy.  

Departing from Vargas’ more state-focused approach, Kubitschek sought to attract foreign investors to finance his ambitious economic agenda. And one of the most assertive ways to achieve this goal involved special privileges granted to local subsidiaries of multinational corporations interested in domestically producing previously imported manufactured items. Favored treatment dispensed to foreign investors that had agreed to set up or expand industries in Brazil was above all carried out by the legal stipulations prescribed in the *Normative Instruction #113* of the Foreign Trade and Exchange Division of the Bank of Brazil (SUMOC), which provided preferential rates of exchange to imported capital goods to supply their domestic branches. In the dearth of multilateral and inter-governmental loans available to Brazil in the international arena, Instruction #113 proved to be the most effective instrument for attracting private foreign investments in the second half of the 1950s. To illustrate this point, it should be noted that about 70 per cent of all foreign private investments coming into Brazil during the period (estimated as approximately US$ 500 million) consisted of industrial material brought into the country under the rubric of supplier’s credits (i.e. credit lent by international private investors in the form of industrial components) with low interest rates and with the approval and co-signing of BNDE. 

One of the main achievements of the Kubitschek administration, and clearly a quintessential expression of the developmental logic of his tenure was the creation of a ‘national’ (although essentially foreign-owned and controlled) industrial park in the automobile sector. Between 1956 and 1960, the Council of Development approved thirty projects for the installation or expansion of motor vehicle industries in Brazil with technology from fourteen different
companies from several different countries (such as the USA, Germany, Italy, Sweden, France, England and Japan). In addition to direct credit provided by the National Bank of Development for the construction of industrial plants, the largest portion (64 per cent) of all foreign investments arriving in the country in the years between 1956 and 1961 equally consisted of advanced credits in the form of supplier’s credit provided by the headquarters of the foreign vehicle companies with BNDE’s approval and underwriting. Specific measures were also implemented to promote vertical integration in certain industries and to remove production bottlenecks, particularly in more strategic areas such as the automotive, steel and aluminum, cement, cellulose, heavy machinery and chemicals industries. In addition, the federal government amended the exchange-control system and tariff legislation in order to protect domestic industries and to attract foreign investors. A new law was passed in 1957 which simplified the exchange rate system and guaranteed favorable conditions for some strategic sectors, such as petroleum, fertilizers, paper and heavy machinery.

The 1950s in Brazil represented, therefore, a moment of important economic transformations particularly pertaining to the deepening of the process of industrialization. There was an annualized economic growth for the entire period of around 7.5 per cent, while industrial growth averaged around 11 per cent a year – considering, however, that population growth throughout the 1950s was around 3 per cent annually, per capita income growth for the period was less than 5 percentage points yearly. More substantially, life expectancy rose in about 7 years, and literacy was for the first time ever above 50 per cent of the national population. These social and economic achievements notwithstanding, and even though the political leadership of the period propounded the promises of national development as way to expand economic self-reliance, the most influential economic policies carried out in the period
augmented the embeddedness and rate of dependence of the domestic productive structures within the complexities of an emerging global economy. What is more, despite the ability of the central government to lead the way, by no means had the Brazilian state a monopoly on the process of envisioning the developmental course the country should embark upon. The ensuing section below scrutinizes one important set of debates taking place during those years as way to demonstrate how the goal of national development engaged different groups of the Brazilian society in a prolific, though politically divisive reflection on the future of the country.

**Brazil at a Crossroads: Debating National Development in the 1950s**

The literature on the fast-paced economic growth experienced in Brazil in the post-war period is vast and has been constantly expanding. One of the most studied aspects of these historical events has been the intensification of import substitution policies aimed at simultaneously stimulating economic growth and protecting national manufactures from external shocks and competition. Akin to the experiences taking place in some other Latin American countries, the post-World War II period in Brazil corresponded to an idiosyncratic transition from an agrarian and export oriented economy into an increasingly urbanized and industrial society.¹⁴

The conversion to heavy industrial production was indeed one of the main priorities of the political and intellectual agendas of the time. The economic and geographical complexity of transitioning to an urban, industrialized society created major challenges for providing and maintaining the necessary leadership to sustain minimum levels of social cohesion. As a result, the central government emerged as the main political player capable of formulating and enacting new strategies of capital accumulation while at the same time, controlling the increasing
conflicting private interests originating from the path of accelerated industrialization. \(^{15}\) A significantly revamped federal bureaucracy led the way in the goal of repositioning the country’s historical pattern of dependent insertion into the international economy. This goal was carried out despite the fact that any nationalist approach pursued in the Latin American context in the period was bound to face the structural constraints deriving from the consolidation of the U.S. supremacy in the Western hemisphere. \(^{16}\)

Much of the scholarship on the 1950s, especially on the so-called 'JK Era' (as the years between 1956 and 1961 are also commonly known), has portrayed the period as being uniquely democratic and defined by a widely shared optimistic outlook about the country’s future. \(^{17}\) Similarly, the creation or reorganization managerial agencies within the structures of the executive branch have been assumed to be an uniquely efficient instrument for implementing an ambitious agenda of industrial growth. \(^{18}\) Where Vargas’ return to power heightened the political polarization of the period, Juscelino Kubitschek managed to secure a more conciliatory path of state-led, fast-paced industrialization in the latter years of the decade, primarily by resorting to a developmental model that strategically assigned roles to be played by both state-owned and private (national and foreign) enterprises. With the exception of a few strategic sectors (e.g. hydroelectricity), Kubitschek created very few state-owned companies, in marked contrast with the style of the previous Vargas’ administration.

The search for a new developmental pathway for the country in the 1950s was conceptually grounded on important intellectual disputes that marked the preceding decade, especially the one between neo-classical Economics professor Eugenio Gudin and the industrialist Roberto Simonsen, as well as by the propositions and examinations originating at the aforementioned ECLA. \(^{19}\) Particularly relevant in formulating a nationalistic ideology of
development, the Higher Institute of Brazilian Studies (ISEB), a government-funded official academic organization created in 1955, served as the main arena for reflecting on the promotion of development within the framework of a project which was to be directed by the national state in association with the country’s intellectual and economic elites. ISEB intellectuals tended to see the Brazilian society through binary lenses that posited the existence of an emerging modern-looking industrial economic sector tied to the domestic market, in opposition to a backward, commodity export-oriented sector that sustained foreign, so-called anti-national, interests.

A founding member of the ISEB and one of its most influential figures, Hélio Jaguaribe consistently argued that the main economic problems the country faced derived from the continued deterioration of the terms of trade for agricultural products on the international market. Along notions earlier advanced in the analyses produced at the ECLA, he believed that the Brazilian economy had, for far too long, been dependent on commodity exports; something which he saw as becoming unsustainable given the growing domestic demand for the importation of ever more expensive manufactured goods. Likewise, in the author’s always controversial views, the precarious economic situation the country faced in the 1950s – given that the national economy faced growing deficits in the current and balance-of-payment accounts – could not be overcome unless the federal government assumed an assertive role in the promoting of fast-paced development.

Jaguaribe’s reasoning was grounded on an opposition said to exist between the so-called colonial condition and the state of being a fully independent nation. This heuristic recourse was present in several works produced at the ISEB and which found resonance in ideas advanced by important European authors of the same period and mainly concerned with African and Asian countries. Considering that the anti-colonial argument advanced by these latter authors was not
applicable in its entirety to the reality of Latin American states – where political formal independence had been achieved 150 years earlier – ISEB intellectuals went to great lengths to devise and advocate the notion of a *semi-colonial condition* to account for the realities of countries like Brazil. This latter concept was defined as more aptly describing *heteronomously defined societies* which, regardless of being formally independent could not fully exercise their sovereignty given that their commodity-exporting economies were essentially organized on the basis of attending foreign interests. The semi-colonial condition was also said to be translated into a state of underdevelopment characterized by large rates of unemployment and underemployment, low economic productivity, low wages, low per capita income, lack of investment capital, and social fragmentation between social groups involved in the dynamic exporting sector of the economy and those tied to subsistence agriculture.²³

In tandem with Jaguaribe’s comparative frame of analysis about the colonial or semi-colonial condition, the ISEB’s Executive Director in the 1950s, Roland Corbisier, centered his own examinations on what he defined as the cultural dimension of colonialism. He claimed that even if different from the realities of the actual colonial territories of early Twentieth Century, Brazil did not differ from them insofar as they commonly shared a lack of the means to exert economic and, thus political self-determination. An autonomous path of development, more than mere formal (legal) independence, was what effectively defined the achievement of national autonomy. And, in his view, what primarily defined the condition of colonialism and underdevelopment was the generalized sense of inferiority vis-à-vis the industrialized regions of the world. Moreover, while economic self-reliance seemed essential, such a reality could not become possible, unless cultural autonomy (i.e. a sentiment of national pride) existed.²⁴
Similar notions can be found in the contribution of Alvaro Vieira Pinto, an influential philosopher of the National University of Rio de Janeiro who served as the Institute Executive Director from 1960 to 1964, and whose research centered on inserting the needs of the common people into the philosophical reflection. Pinto’s works at the ISEB were largely based on a Hegelian-Marxist inspiration and he would become one of the more radical intellectuals of the Institute. From his critical perspective, Pinto argued that national development had primarily to serve the interests of the working sectors and defended an approach that primarily aimed to incorporate the lower social sectors. In his own words, “(…) without an effective ideology of national development interested in attending the needs of the majority of the population, no development can be achieved.”

What is more, overcoming underdevelopment demanded an end to the existing division between industrialized and non-industrialized countries. Such a radical aim required that national development be pursued on a more autonomous path by harnessing the potentialities and the collective will of the populations of all developing nations in favor of an alternative path of economic insertion into the world economy.

As can be seen from the above, ISEB was a nationalist intellectual agency that clearly advanced the position that the condition of underdevelopment would not be eliminated unless the relationships of dependence established among industrialized and non-industrialized states would be similarly eliminated. The task required political developmental projects to be fostered in both domestic and international arenas under a committed political leadership and a shared vision of the future. In the ISEB’s frame of analysis, the nation was an entity said to be defined not only by its current attributes but also by its prospective possibilities and, along these lines, the Brazilian nation was seen as still in formation; development was a project that had yet to be constructed on the basis on an effective understanding of the country’s possibilities and its
population’s needs. In other words, national development was defined as a political proposition strategically deployed for achieving the fulfillment of a country’s potentialities. A nationalistic course of development had therefore to include the entire country’s population while a key role in the process was to be played by the national intelligentsia acting within the structures of a coordinating socially responsive government.

It should be noted that the historical importance of the ISEB’s formulations on national development in the 1950s (and in subsequent decades) notwithstanding, the Institute never assumed an executive role in the Kubitschek administration. In fact, the connections between the scholarly debate within ISEB and policy-making were at times distant and tenuous. Ironically, Jaguaribe produced a summary of the central ideological divide between the main developmental positions advanced in the 1950s (within and beyond ISEB). In his view, the main disagreement between what he labeled as ‘nationalists’ and ‘cosmopolitans’ had to do with the role that foreign capital would play in developing the national economy.²⁷ Whereas the former label was to include those favoring a more autonomous (i.e. autarchic and less dependent on international investors and markets) path of national development for their country, the latter group was said to defend the notion that unless a higher degree of internationalization of the domestic economy, by means of attracting foreign sources of capital investment, could be achieved, no sustainable (i.e. long-term) economic development would be attained.

Even though these two positions initially coexisted within the realm of the ISEB, as the Kubitschek administration’s projects focusing on fast-paced economic growth were being implemented in the second half of the decade, it would become increasingly more difficult to reconcile those different views. Jaguaribe would become closely aligned with the view of more centrally placed decision-makers, such as Roberto Campos and Lucas Lopes, key figures in the
Kubitschek administration. This would eventually lead to Jaguaribe’s departure from the Institute which would progressively become the main defender of a radically nationalist path of national development the early 1960s.\textsuperscript{28}

The intellectual discussion about development alternatives was therefore frankly open. A leading figure in the formulation and implementation of the Targets Plan, Roberto Campos strongly believed that the reasons for the economic underdevelopment of the country rested mainly on the absence of investment capital and the low purchasing power of its population. Despite serving as a member of the Board of Trustees of the ISEB, Campos’ ideas were in direct contrast with the positions of Corbusier, Pinto and (the early) Jaguaribe. In his view, what was primarily required for economic development to take place was attracting large sums of foreign investment to selected economic projects. By the same token, Campos demonstrated a continued concern for the problem of inflationary state spending, particularly during his terms as Director and President of the National Bank of Economic Development and Executive Director of the Council of Development, the two main agencies created by the Brazilian government in the 1950s to promote economic growth primarily by means of fast-paced industrialization.\textsuperscript{29}

What is more, Campos consistently argued against the notion that the Federal government should ultimately seek to attend basic social needs by becoming the main promoter of development via excessive public expenditures. Alternatively, in his view, given the insufficient rate of domestic savings, the main task that the government should pursue was convincing foreign investors to set up shop in the county so that a higher economic performance could be reached. In his own words, “the option of development requires, above all, the acceptance by everyone that fast economic growth, not socially oriented disbursement, is the main task at hand and the only way to reduce social economic inequalities.”\textsuperscript{30}
By the same token, even if arguing for a more favorable international environment for development promotion in the periphery, Lucas Lopes – first and most influential secretary-general of the Council of Development and Kubitschek Finance Minister in 1958/59 – made sure to not partake in the ISEB’s defense that Brazil should establish strategic alliances with other developing countries. He did acknowledge that the economic assistance coming from the industrialized world had been insufficient, but vehemently expressed his conviction that center countries were becoming increasingly more receptive to the plight of developing nations. In his opinion, “the selfish forces of colonialism are being destroyed and a more liberal spirit is becoming increasingly noticeable in projects such as the Marshall Plan.”

Despite influential in provoking a prolific and influential national debate regarding the future of the country which was carried out in the national media and reached ever more segments of the broad urban society, the ISEB’s core propositions were not be actively pursued by the central developmental agency of the Kubitschek administration. In fact, while continually providing institutional (logistic and financial) support for the intellectual agency, the federal government implemented economic projects structured along its own notions of national development, which were based on a significantly more strict, essentially economic reading of the national reality. This perspective was fundamentally defined by the notion that the main impediment for Brazil’s economic take off derived from its historical lack of sources of capital; something which only could be resolved if the developmental focus of the national government centered on findings ways to attract and maintain foreign sources of investment. Moreover, in direct contrast with core notions espoused at the ISEB, this technocratic conception of development equated the very term development with the goal of fast rates of economic growth;
a logic which clearly meant the downplaying, if not the total elimination of the very search for political autonomy which had been so forcefully argued for by most members of the Institute.

In short, despite their prolific production, the nationalistic and more socially inclusive perspective espoused by the ISEB consistently contrasted directly with the more market-oriented views held by the much smaller group of Kubitschek’s close economic advisors (particularly Lucas Lopes and Roberto Campos) who favored a more significant participation of private (foreign and domestic) investors and more strict control over public expenditures.\(^{32}\) In the end, the successes (and shortcomings) of the ‘JK Era’ and the embodiment of a limited and fragile version of a developmental state that occurred in the period resulted precisely from a convergence of national and international factors, as well as from the ability of government officials to pursue economic policies informed by a reductionist conception of national development focused essentially on absolute rates of growth and industrial output (what was curiously and paradoxically supported by the Brazilian Communist Party (PCB) since 1958).

To conclude this synthetic analysis of the main intellectual positions that defined the consolidation of the developmental state in Brazil, beyond the nationalist perspective propounded by the ISEB and other intellectuals working in Rio de Janeiro a group of more left-wing academics, many Marxists, coalesced at the prestigious University of São Paulo (USP) around the influential figure of the sociologist Florestan Fernandes. This more radical position refused to see the strategic role that a potential political alliance to be established between the domestic bourgeoisie, middle-income urban sectors, and organized industrial labor would play in the promotion of national development given the ever closer links being established between Brazilian industrialists and multinational corporations in the late 1950s and early 1960s.
Particularly relevant to demonstrate the plurality of views on national development in those years, instead of the mere containment of economic exploitative foreign interests (described as imperialism), as advocated by the majority of the writers associated with the ISEB, the so-called *paulista school* (i.e. school from São Paulo) articulated a more incisive critique of the foundations of advanced capitalism in Brazil, seen as a process that was discriminatory and inherently inadequate to meet the country’s rising social demands. Fernandes indeed stressed that the industrialization taking root in the late 1950s had to be seen as a concerted effort on the part of the bourgeoisie to preserve its interests through a combination of old and new mechanisms of capital accumulation.\(^{33}\)

It should also be noted, as will be further demonstrated in the next section of the paper, that one of Fernandes’ most prominent followers was Fernando Henrique Cardoso, a graduate student at the University of São Paulo in the 1950s who played a leading role in the reformulation of the Dependency paradigm in the mid-1960s.\(^{34}\) Rejecting the dichotomy between development and dependency, Cardoso emphasized the socio-political nature of the economic relations of production, arguing that ‘associated-dependent’ development is possible and can reconcile the interests of the foreign corporations with the internal prosperity of the ‘dependent’ countries.\(^{35}\) Ironically, as Brazil approached the dawn of a new century, in the 1990s, Cardoso had become one of the most skilled and articulated proponents of a neoliberal (market-driven) path of development.\(^{36}\) Cardoso’s personal trajectory is indeed indicative of the long-term course of the developmental dynamics Brazil has undergone in the last 60 years, as will be examined next.

**Reflecting on 1950s and Its Relevance for Today**
Any accurate assessment of these historic developmental experiences in Brazil should begin by noting that the Kubitschek administration basically maintained and expanded the macroeconomic strategies introduced by the Vargas government, which resulted in an annual rate of GDP growth of more than 7% between 1950 and 1961 (with industry growing 9% in the period, compared with 4.5% for agriculture). These economic achievements notwithstanding, it is also important to point out that the institutional arrangement behind the Targets Plan was only capable of sustaining itself in conditions of fast industrialization with relative stable prices, which also benefited from cheap international credit and state-driven repression of the cost of labor.

In fact, the economic project was progressively weakened due to conditions of economic stagnation and accelerated inflation. Industrial expansion also resulted in a substantial increase in imports, notably of inputs and machinery. The large influx of foreign capital in the 1950s worsened the foreign debt and produced an inflationary cycle due to constrain to supply domestic demand (inflation reached 21.1% in 1956, 15.9% in 1957, 14.7% in 1958, 39.2% in 1959 and 29.4% in 1960). The focus on industrialization and heavy industries was achieved at the expense of other traditional productive sectors, in particular agriculture which was increasingly taxed, only sparing the rural sectors already well-off and more technologically advanced. What is more, the economic model of the 1950s was in actual fact followed by a long tendency for the profit rate to fall in the next decades mainly because of the declining productivity of capital, which can be partially explained by the growing cost of capital goods and a failure to provide a significant rise in capital and labor productivity. After the (also) circumstantial economic boom in the 1970s, there was a growing exhaustion of the import-substitution model based protective barriers on industrial imports and an increasing reliance on foreign manufacturing technology.
What is more, through these same transformative though socially highly problematic years, the general standards of living deteriorated, poverty increased, and inequalities worsened. Similarly, despite the significant industrial expansion the country experienced from the mid-1950s to the mid-1970s, the national economy remained predominantly agrarian and underdeveloped for the vast majority of Brazilians who continued to be illiterate and face dire living conditions on a daily basis. The 1960 national census figures, published by the statistics agency IBGE, for instance, showed that 39.7% of the country’s adult population (15 years of age or more) was illiterate (a total of 16.0 million people), that life expectancy was 52.3 years, child mortality was 118.13 per thousand, and that 58% of the population lived below the poverty line.

This apparent discrepancy between localized improvements and the alleged generalized gains is even more evident when one contrasts the widespread sense of optimism in favor of the developmental efforts of the federal government with a close examination of the dynamics on the ground during the 1950s. What national development was and how it should be conducted were arguably the most important topics of the leading politically-oriented intellectual reflections and political mobilizations of several sectors of the Brazilian society throughout the decade, with long-lasting consequences for the economic and social life of the country. The many different social groups involved in developmental debates of the time (i.e. industrialists, farmers, civil servants, urban and rural workers, intellectuals) held different levels of political leverage in asserting their own notions of development to policymakers in charge of implementing very specific projects and policies. Whereas within the Council of Development (the official agency of the Federal government created to coordinate the implementation of the Targets Plan), national development was conceived primarily as fast economic growth – to be reached essentially by deepening the country’s economic integration into global capitalist economy – the
execution of the Plan exerted contradictory and increasingly polarizing effects across the Brazilian society.

Considered to be the ‘golden age’ of development promotion in Brazil, the 1950s paved the road for the further industrial growth that took place in the following decades. In the 1960s and 1970s, however, the overall sense of a national pact (i.e. the attempt by the elites and the government to portray higher levels of social convergence than in previous phases) was gradually abandoned, while the country experienced a process of political radicalization of both left-wing and right-wing tendencies, and developmentalism transmuted into a combination of heavy state interventions, autocratic rule, and easy association with Cold War Americanism. As the early years of the 1960s were increasingly marred by the political instability of both the brief Quadros (Jan-Aug 1961) and the turbulent Goulart (1961-64) administrations, the democratic experiences of mid-century were abruptly curtailed and the country dove into a long, repressive, and economically exclusionary military regime (1964-85).

By the late 1980s, the developmentalist economic model of the 1950s was all but exhausted and the country, together with most of the Latin American continent, entered into a phase of hyperinflation and macroeconomic instability. In the 1980s and 90s, after a convoluted transition under three presidents with questionable legitimacy (Sarney, Collor and Franco), the sociologist Fernando Henrique Cardoso occupied center stage of Brazilian politics by leading the longue durée of liberalizing reforms and transformation aimed at converting the country into an ‘emerging’ capitalist economy and, to a large extent, deconstructing the developmental efforts of half a century earlier.⁴² The neo-liberal path of modernization of the 1990s was essentially achieved on the basis of new reconfiguration of the balance of power within the national elite
along a path that ultimately favored industrial, agriculture and financial groups well connected to the international markets.\textsuperscript{43}

Indeed, after four presidential terms under Cardoso and Lula, which were marked by positive economic results and tangible amelioration of the quality of life for many Brazilians, in the second decade of the Twenty First Century, the country is again facing the need to reassess the bases of its national project and the parameters of its political life. It is beyond the scope of this current analysis to discuss in detail all the accomplishments and shortcomings of the most recent administrations, but it is nonetheless relevant to point out that even after two decades of strong currency holdings and sustained inflow of foreign capital and goods, the Brazilian economic growth is increasingly dependent on the exporting of commodities (such as oil, steel and soybean and other agricultural goods) and the country experiences a gradual process of deindustrialization aggravated by an inadequate and increasingly obsolete infrastructure.

The recent Lula administration – which in some ways could be considered a post-neoliberal government which presented important traces of continuity with the more overtly neoliberal Cardoso administration – certainly made significant strides towards a more inclusive society by means of targeted welfare programs (e.g. the important cash transfer provided by the \textit{Bolsa Familia}), but further progress is needed should the goal of sharply reducing social and economic inequalities be achieved. This should necessarily include more thorny issues such as fiscal reforms, investments in science and education, better infrastructure, and state efficiency and transparency. Inherent developmental contradictions also persist, as well illustrated in the following figures: while the \textit{Bolsa Familia} transferred R$ 8 billion to the hands of those earning less than 40 dollars a month, throughout the eight years of Lula’s tenure in office holders of Brazilian bonds received R$ 200 billion in interest.\textsuperscript{44}
Its positive outcomes notwithstanding, this new redistributive public policy has only gone half way to reducing poverty. In fact, Bolsa Família has disbursed funds equivalent to about 0.5% of the country’s GDP, while with an estimated use of 1.0% of resources, it would have been possible to eradicate poverty in the country.\textsuperscript{45} Ironically, some of most transformative events witnessed in Brazil in the last decade were found in the area of foreign affairs given that, as the country became more democratic and inclusive, it has also tried to navigate in more autonomous and assertive terms in the global arena. This trend has been clearly shown in Brazil's leadership role in the creation of the G-20 as well as in Brazil's growing presence in additional multilateral fora such as the World Trade Organization and the group of BRIC countries. Similarly, and of special importance, the country’s recent achievements in constructively reshaping the political and economic context of South America, through multilateral policies carried out at the realm of the UNASUR, MERSOSUR, and the ever more important regional loans granted to neighbors by the ever active BNDES, are clear indications of the potential that a more politically stable, economic powerful, and diplomatically active Brazil can exert in a globalized world.\textsuperscript{46}

In the 1950s, as well as in present-day Brazil, national development was not a monolithic, univocal socio-economic project, but was rather a relevant topic of debate and engagement of different social sectors. Examining the developmental experiences of that earlier phase can therefore help assess some of the crossroads the country faces today, particularly pertaining to the uncertainties caused by a continued over-reliance on the export of primary goods and on the inherently ecologically and socially disruptive exploitation of oil and mineral reserves. One important lesson from the period speaks to the continued importance of political leadership. It is certainly remarkable that despite all the institutional weaknesses the country experienced in the
1950s, determination on the part of national administrations headed by charismatic presidents played a crucial role in redirecting the overall course of the economy. At the same time, despite the high rates of nominal economic growth then achieved, fundamental adjustments in the (re)distribution of social opportunities were not pursued and only marginal changes in the social structure were seen, primarily deriving from the natural enlargement of the urban middle classes.

Concluding Remarks

Undoubtedly, many things have changed since the mid-twentieth century. Brazil is no longer the same country that Vargas and Kubitschek encountered. Its economy is several times larger, with a much more diversified industrial base, and its society is much more urban and complex. Brazil's political structures and society are also increasingly more democratic and stable, there is much higher degree of social inclusion and the country's civil society is more dynamic. Despite all these changes, Brazil remains a highly unequal society, with an economy substantially dependent on commodity exports and thus, much like in the 1950s, closely subordinate to the whims and fluctuations of the global markets’ demands. Although neo-liberal economists managed to curb hyper-inflation, the majority of the macro-economic policies instituted under the Cardoso administration in the 1990s (which were essentially maintained under Lula) have all but perpetuated the corrupted and deleterious logic still operating at the country’s main institutions, as daily demonstrated by the inefficiency of the judicial system, the dysfunctional performance of the national congress, and the widespread levels of corruption in all areas of the public administration.

Indicative of the fragmented nature of its developmental state, the disagreements among Brazilian intellectuals and decision-makers in the 1950s demonstrates not only conceptual
divergences but also the multiple, not always reconcilable, commitments of the national
government. Internal disputes within the intellectual and economic elite also reveal the
politicized nature of state intervention providing opportunities for stronger groups of interest to
capture the functioning of public agencies according to their specific demands. In this sense, the
socio-economic and political achievements of the last decade will not be assured until the very
structures of the Brazilian state become substantively more democratic.

This critical challenge was unfortunately avoided in the 1950s, with tragic consequences
taking place in the ensuing decades when the country was ruled by an authoritarian military
regime which deepened the path of a conservative, wealth-concentrating modernization.
Reexamining the 1950s may therefore illuminate the way forward insofar as the need to maintain
(preferably deepen) the current course of socio-economic and political inclusion, enhance the
bases of a self-sustaining (though now entirely globally integrated) economy, and transcend the
patrimonial and still very exclusionary nature of the Brazilian state.

Notes
1 Vargas first becomes Brazil’s president in 1930 in a military movement that revamped the
institutional bases of the country. In 1951 he is elected president on an ambitious platform of
industrial promotion, but his term in office is curtailed by a dramatic suicide in August, 1954.
Juscelino Kubitschek (known by the initials JK) served as the country’s president between 1956
and 1961. JK built upon Vargas’ earlier institutional reforms to pursue an even bolder agenda of
fast-paced industrialization. In the more recent period (which will be discussed later in this text),
Fernando Henrique Cardoso governed the country from 1995 to 2003 while Luiz Inácio Lula da
Silva served between 2003 and 2011 and was eventually succeeded by Dilma Rousseff.
Documentos, Rio de Janeiro, Editora de Fundação Getúlio Vargas, 1983; and Maria C. D’Araújo,


6 On this path of ever autonomous mobilization on the part of industrial labour, see Rafael R. Ioris, ‘Fifty Years in Five and What is in it for us? Development Promotion, Populism, Industrial Workers and the Case of Carestia in 1950s Brazil’, *Journal of Latin American Studies*, 44:2, May 2012, pp. 261–284.


8 Fundo Conselho do Desenvolvimento. 1Q, SDE, Box 3157, available at the National Archive in Rio de Janeiro.


10 Fundo Conselho do Desenvolvimento. 1Q, SDE, Boxes 3149 and 3150, available at the National Archive in Rio de Janeiro.


20 Detailed information on the structures of the ISEB are very scarce as its records were destroyed (or made unavailable) by the military forces following the coup of 1964. ISEB was one of the first governmental agencies to be shut by the military regime installed in the coup of March 31, 1964. See Presidential Decree No. 53,884 of April 13, 1964, which extinguished the Institute. Some works on the history of the institution, however, do exist. Particularly important are: Alzira A. de Abreu, Nationalism et Action Politique au Brésil: Une Étude sur L’ISEB, Ph.D. Diss., Université René-Descartes, Paris V, 1975; Maria S. C. Franco, “O Tempo das Ilusões,” in Marilena Chauí and Maria S. C. Franco (eds), Ideologia e Mobilização Popular, São Paulo, Paz e Terra/Cedec, 1978; Simon Schwartzman, O Pensamento Nacionalista e os Cadernos de Nosso Tempo, Brasília, UnB, 1981; Caio N. de Toledo, ISEB: Fábrica de Ideologias, São Paulo: Ática,


29 In this regard, see Campos’ letter sent to Lucas Lopes, commenting on a draft version of the Candidate’s Message that Lopes composed in May 1955; Campos’ comments were sent to Lopes on June 2nd 1955 in Fundo Roberto Campos, RC.e.ag.1955.05.02, available at CPDOC, Getúlio Vargas Foundation, Rio de Janeiro.

30 Roberto Campos, speech pronounced at ISEB’s Inaugural Lecture on December 21 1955, RC.e.bnde.1955.06.30, p 51, available at CPDOC, Getúlio Vargas Foundation, Rio de Janeiro.


44 Francisco Oliveira, 'A Clonagem', *Piauí* 61, 2011, p. 34.