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The Technical Councils of the Brazilian Government Structure: Corporatism, Authoritarianism and Modernization (1934–1945)

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In the 1930s, Brazil's economic growth, progressively, shifts from an export-led agricultural production to a state-led industrialization. Thus, it was necessary to create the structural conditions for the establishment of industrialization in order to overcome the economic backwardness compared to other industrialized countries.¹ At the beginning, this process was marked by a strong nationalist and authoritarian ideological content, through which the Government began to centralize and concentrate its power in various sectors of the economy in order to promote the industrialization process.²

Moreover, the Government sought to reform its structure and to incorporate new strategic functions in the political system, laying foundations, which gave them the role of an inductor, and in some cases, a development process inductor. In this respect, the strengthening of the centralization mechanisms in the Executive were gradually expanded and diversified, either with greater centralization or with greater fragmentation of the institutional structure. As a result, the interventionist and corporatist mechanisms joined the industrializing development project, defining and implementing a state interventionist institutional model in the economy.

This pattern of growth, in which industrialization and development became synonyms, also promoted a *material framework* in the government, through the multiplication and the overlapping of different bureaucratic-administrative bodies — centralized and national — thus allowing the intervention (even in a limited way) and development planning by the Brazilian Government.³ This is how the Technical Councils are seen in the statist structure when they were created as important channels of definitions and general guidelines of

¹ On this subject see: Celso Furtado, *Formação econômica do Brasil*, Coleção Biblioteca Básica Brasileira (Brasília: Editora Universidade de Brasília, 1963); João Manuel Cardoso de Mello, *O capitalismo tardio* (São Paulo: Brasiliense, 1982); Annibal V. Villela and Wilson Suzigan, *Política do governo e crescimento da economia brasileira, 1889–1945* (Rio de Janeiro: IPEA/INPES, 1973).

² Eli Cerqueira Diniz: *Empresários, Estado e capitalismo no Brasil, 1930–1945* (Rio de Janeiro: Paz e Terra 1978).

³ Sônia Miriam Draibe, *Rumos e Metamorfoses: um estudo sobre a constituição do Estado e as alternativas da industrialização no Brasil, 1930–1960*, 2nd edn (Rio de Janeiro: Paz e Terra, 2004).

development economic policies and that declare themselves as important spaces of power.

This paper, therefore, aims at analysing the emergence of the Technical Councils as the state economic planning bodies, between 1930 and 1945, seeking to identify the main organs. This analysis will provide an understanding of some political, social and institutional dynamics of the Brazilian Government history, its relations with the representation of interests, the paths, and the main bodies for the orientation and definition of development guidelines.

Thus, it will be possible to map out the main centres of the decision and planning of the Brazilian economic and industrial development in this period. Also, it will be possible to identify the roots and nature of these organs, their duties, their effective period of influence, their composition, and the criteria for recruiting members through legislation.

The Construction of Planning Bodies (1934–1945)

As previously mentioned, the implementation of an industrial policy by the Brazilian Government demanded a bureaucratic-administrative structure of intervention, regulation and control of the economic system, and, at the same time, it provided an emerging corporatist structure from the Estado Novo (New State), 1937–1945.⁴ Hence, the Brazilian Government, during the 1930s and 1940s, experienced an expansion that, apart from the quantitative structure through the specialized organs, also involved a qualitative expansion of regulatory powers in the Brazilian economy. The bodies that were created in the institutional structure provided opportunities for an emerging number of organs (departments, technical councils, commissions, institutes, etc.) and that served as privileged spaces for those with ‘expertise in economics’.⁵ These organs were important decision-making and definition centres of economic guidelines policies of the Brazilian Government, as well as serving as privileged spaces for the representation of interests.⁶

⁴ Several studies emphasize the corporatist character of the post-1930 Brazilian government, and especially post-Estado Novo. In this regard see: Diniz, *Empresários, Estado e capitalismo*; Draibe, *Rumos e Metamorfoses*; Vanda Ribeiro Costa, *A Armadilha do Leviatã: a construção do corporativismo no Brasil* (Rio de Janeiro: UERJ, 1999); Evaldo Vieira, *Autoritarismo e corporativismo no Brasil*, 3rd edn (São Paulo: Ed. Unesp, 2010). About the corporatist government see Philippe C. Schmitter, ‘Still the Century of Corporatism?’, *The Review of Politics*, 36 (1974), 85–131, online at <<http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=5321652>>, and Alfred Stepan, *Estado, corporativismo e autoritarismo* (São Paulo: Paz e Terra, 1980).

⁵ Octávio Ianni, *Estado e planejamento econômico no Brasil (1930–1970)* (Rio de Janeiro: Civilização Brasileira, 1971); Draibe, *Rumos e Metamorfoses*; Ângela de Castro Gomes, *Engenheiros e economistas: novas elites burocráticas* (Rio de Janeiro: Ed. FGV, 1994); Maria Rita Loureiro, *Os economistas no governo: gestão econômica e democracia* (Rio de Janeiro: Ed. FGV, 1997).

⁶ Luciano Martins, *Politique et développement économique: structure de pouvoir et système de décisions au Brésil (1930–1964)* (Paris: Université de Paris, 1973); Luciano Martins, *Pouvoir et développement économique: formation et évolution des structures politiques au Brésil* (Paris: Ed. Anthropos, 1976); Sérgio H. Abranches, ‘The Divided Leviathan: State and Economic Policy Formation in Authoritarian

In addition to the demand for professionals with some expertise and knowledge in the area of economics, these bodies also played a role as training centres for specialized agents in economic planning.⁷ Thus, these bodies defined development guidelines, elaborated studies, suggested general and sectoral policies, guided and directed investments, representing an important element by creating decision/influence spaces that were occupied, gradually, by ‘technicians and experts’ in economic planning issues.

In this context, the process of renewal of the state ruling elites took place, or, more specifically, the process of those elites devoted to a ‘new’ political competence that was being institutionalized, based on economic knowledge, and in particular, on Brazilian economic development. The emergence of these agents, in 1930, arose through the government, which became a privileged arena by controlling the access to new ‘competitors’ in the political area, since the democratic ways were restricted over the greater part of the period.

It is worth mentioning that the creation of the National Technical Councils happened through the debates in the Constituent National Assembly, between 1933 and 1934, and they were presented by a group of deputies connected to the Centre of Industries and the Federation of the Industries of São Paulo State (Centro das Indústrias do Estado de São Paulo — CIESP / Federação das Indústrias do Estado de São Paulo — FIESP)⁸. The proposal of the Technical Councils arose as a counterpart of the industrial groups to the debates on the formal representation of the professional associations in Parliament aimed at a better articulation of interests.

The 1934 Constitution incorporated the Technical Councils, in Article 103. However, their approach did not reach that initially expected by the industrial leaders from CIESP / FIESP in the Constituent Assembly. In this respect, despite the format approved by the 1934 Constitution suggested by the industrial leaders — councils formed by mixed members bringing together Government experts and professional association representatives — the functions approved in the constitutional text were basically consultative, aiming at qualifying

Brazil’ (unpublished PhD dissertation, Cornell University, 1978); Diniz, *Empresários, Estado e capitalismo*; Renato Raul Boschi, *Elites industriais e democracia: hegemonia burguesa e mudança política no Brasil* (Rio de Janeiro: Graal, 1979); Adriano Nervo Codato, ‘Estrutura política e interesse de classe: uma análise do sistema estatal no Brasil pós-1964. O caso do Conselho de Desenvolvimento Econômico’ (unpublished MA thesis, UNICAMP, 1995); Maria Antonieta P. Leopoldi, *Política e interesses na industrialização brasileira: as associações industriais, a política econômica e o Estado* (Rio de Janeiro: Paz e Terra, 2000); Draibe, *Rumos e Metamorfoses*.

⁷ According to the testimony of Jesus Soares Pereira on the Foreign Trade Federal Council, ‘Para mim, uma grande escola técnica [...], a minha grande escola ativa no trato dos problemas econômicos nacionais, pois [no Brasil] não havia nessa época escola de economia’ [For me, a huge technical school [...], my great school active in dealing with national economic problems, because [in Brazil] there was no school of economics at that time]. Jesus Soares Pereira, *Petróleo, energia elétrica, siderurgia: a luta pela emancipação (depoimento)* (Rio de Janeiro: Paz e Terra, 1975), p. 46.

⁸ There were five members connected to CIESP / FIESP in the 1933/1934 Constituent Assembly: Roberto Simonsen, Horacio Lafer, Alexandre Siciliano Jr., Pacheco and Silva, who were elected by the class of employers, and Ranulpho Pinheiro Lima, chosen by the self-employed professionals.

parliamentary and ministerial activity. Thus, these councils presented features that were more technical than deliberative, as originally expected in the 779th Amendment.⁹

Nevertheless, through the Technical Councils, industrial representatives participated in consultative instances, providing opinions and proposing projects on strategic aspects of political, economic and social legislation. If, at first, they had no power of deliberation, either defining or blocking the agenda of debate and decision, they eventually ended up taking some deliberative functions, functions beyond answering a simple query, or transmitting and exchanging technical information. Thus, for the industries, the Technical Councils would represent the guarantee of a space to represent their interests, enabling them to intervene in the decision-making process. They could also organize and define their interests for further negotiation and reformulation through an interactive process with other interests.

It was between 1934 and 1945 that the bodies focused on the economic and industrial development planning.¹⁰ It is possible to identify five bodies that were linked to the implementation of the general planning of the economic and industrial development policies: the Foreign Trade Federal Council (Conselho Federal do Comércio Exterior — CFCE), created in 1934; the Economic and Finance Technical Council (Conselho Técnico de Economia e Finanças — CTEF), created in 1937; the Coordination of Economic Mobilization (Coordenação de Mobilização Econômica — CME), created in 1942; The National Council of Industrial and Trade Policy (Conselho Nacional de Política Industrial e Comercial — CNPIC), created in 1943; and the Economic Planning Commission (Comissão de Planejamento Econômico — CPE), established in 1944.¹¹

⁹ See Section III — Technical Councils — Article 103 of the 1934 Constitution. In §4 it states that ‘é vedado a qualquer Ministro tomar deliberação, em matéria da sua competência exclusiva, contra o parecer unânime do respectivo Conselho’ [no Minister is allowed to take decisions on matters of their exclusive competence, against the unanimous opinion of the respective Council].

¹⁰ It is not my purpose, here, to list all the moments and all the institutions that dealt with industrial development in Brazilian history. The periodization adopted is according to the studies of: Mário Wagner Vieira da Cunha, *O sistema administrativo brasileiro* (Rio de Janeiro: Centro Brasileiro de Pesquisas Educacionais, 1963); Jorge Vianna Monteiro and Luiz Roberto Azevedo Cunha, ‘Alguns aspectos da evolução do planejamento econômico no Brasil (1934–1963)’, *Pesquisa e Planejamento Econômico* (Rio de Janeiro), 4.1 (Feb. 1974), 1–24; Paulo Roberto Almeida, *A experiência brasileira em planejamento econômico: uma síntese histórica*, online at <<http://pralmeida.org/05DocsPRA/1277Hist orPlanejBrasil.pdf>> (2004).

¹¹ These bodies, along with the Public Service Administration Department (Departamento de Administração do Serviço Público — DASP), are appointed by historiography as centres for economic planning and for Brazilian industrial development in the 1930s. Regarding this, see: Robert T. Daland, *Estratégia e estilo do planejamento brasileiro* (Rio de Janeiro: Liador, 1969); Jorge Gustavo da Costa, *Planejamento governamental: a experiência brasileira* (Rio de Janeiro: Editora FGV, 1971); Ianni, *Estado e planejamento econômico*; Martins, *Politique et développement économique and Pouvoir et développement économique*; Jorge Vianna Monteiro and Luiz Roberto Azevedo Cunha, ‘A organização do planejamento econômico: o caso brasileiro’, *Pesquisa e Planejamento Econômico* (Rio de Janeiro), 3.4 (Dec. 1973), 1045–64 and ‘Alguns aspectos’; Algenyr dos Santos Correia and Rosa Maria Esteves Nogueira, ‘A intervenção do Estado no domínio econômico: o caso da Coordenação da Mobilização

However, critics have pointed out that, despite the centralizing tendencies of the Vargas period, there would not be a unique central body, in this period, focused on planning with legal competence to centralize these actions.¹² Thus, the activities of the planning organs, emerged in the government structure of this period, marked by overlapping the attributions and functions, by the structural deficiencies, the parallelisms, and the conflicts of competence.¹³

It is fundamental to highlight, however, that the decisions were taken, often, at the level of bodies other than the planning, which indicates the nature of the state organization, particularly in the period of a hypertrophied executive. Thus, these 'dysfunctions' cannot be analysed only by the lack of coordination and lack of decision-making power from certain bodies, but the political determinants for such a statist model should be also taken into account.

Anyhow, if in the period between 1934 and 1945 there was no central planning agency with wide decision-making powers, it did not mean that the different state bodies were beyond the definitions of the guidelines for an economic and industrial development model, especially regarding the justification for the need to industrialize the country with the statist support.

Thus, this first post-1930 planning experiment was aimed, through the creation of statist bodies dedicated to planning, at economic and political purposes related to the concrete challenges in this period. So, it seems too much to expect that, at that time, the statist planning structure arose through a body ready to centralize and coordinate economic development, since the theme was presented in an unfinished form as suggested by the agenda for discussions in the period.¹⁴

Econômica', *Dados*, 13.2 (1976), 134–50; Diniz, *Empresários, Estado e capitalismo*; Boschi, *Elites industriais e democracia*; Ricardo Bielschowsky, *Pensamento econômico brasileiro: o ciclo ideológico do desenvolvimentismo* (Rio de Janeiro: Contraponto, 1996). With reference to DASP, the body created by the 1937 Constitution and established by Decree-Law No. 579 of 1938, according to Monteiro and Cunha and even though it was understood as the 'early focus of initial efforts in the Brazilian planning' it was more important as a body of public service and staff administration, in the universalization of procedures, besides preparing the government's budget proposals. Their importance for developmental planning is linked, at first, to the formulation of short-term plans, such as the Special Plan (Plano Especial), 1939, the Plan of Works and Equipment (Plano de Obras e Equipamentos), 1943, and SALTE Plan, 1949, limited to budget elaboration. Further, during the Dutra Government, DASP underwent great changes and its functions were restricted only to budget elaboration. Due to the difficulty in the implementation of the SALT Plan, which was coordinated directly by DASP, other sources of investment were created and used, reducing the importance of DASP in the economic area.

¹² Martins, *Politique et développement économique and Pouvoir et développement économique*; Diniz, *Empresários, Estado e capitalismo*; Draibe, *Rumos e Metamorfoses*.

¹³ This discussion would be reviewed in the 1950s through the preliminary draft of the Administrative Reform submitted in 1952 by Getúlio Vargas to the Nacional Congress that aimed at 'the creation of a general body of coordination and planning'; Draibe, *Rumos e Metamorfoses*, p. 214.

¹⁴ It is important to highlight that the concept of economic planning was not applied in a clear and complete way during the 1930s and 1940s, and then it was mistaken for the concept of *economic planification*, or for their own governmental plans, considering that these notions were very often used indistinctly. A significant historical comprehension can be gained through the debates held during the Brazilian economy planning period, between Eugenio Gudín and Roberto Simonsen. As Martins points out, it is only in the 1950s, through the press and through the development of the discussions of USA–Brazil Economic Commission (COMBEU) and the Economic Commission for Latin America

According to the institutional engineering of the period, the Technical Councils played important key roles, especially in the area of economic policy, by promoting space for a technical bureaucracy and for the representation of different economic interests, particularly industrial ones. As indicated by the 1934 Constitution, Article 103, its basic purpose was to help the government formulate policies and make decisions.

The objective of this organizational pattern involved serious political consequences, as it focused on reducing the embarrassments of successive interventions of the Ministry of Finance in the decisions and economic guidelines. In a centralized and interventionist government, it was, therefore, up to the Technical Councils to mediate in the relationships between the Ministries and the President of the Republic.

However, the political purpose of these bodies, within a statist structure, goes beyond opening up room for a technical bureaucracy to overcome the limitations and lack of knowledge of the political elites about the Brazilian reality. That is, it goes beyond approximation, decision and interaction between the administrative and bureaucratic centralization of a strong and centralizing government and the 'economic classes', as the authoritarian intellectuals of the period suggested.¹⁵ It is understood that the Technical Councils also served as important spaces for planning and defining guidelines for the modernization and the development of the Brazilian Government, and therefore, they played a decisive role to guide and to define the path of the Brazilian Government.

The Foreign Trade Federal Council (O Conselho Federal de Comércio Exterior — CFCE)¹⁶

Within the broad political and institutional reforms of the first Vargas Era (1930–1945), whose objectives reflected a more general political and

(CEPAL), that these terms are better adjusted in debates; Luis Carlos dos Passos Martins, 'A grande imprensa "liberal" da capital federal (RJ) e a política econômica do segundo governo Vargas (1951–1954): conflito entre projetos de desenvolvimento nacional' (unpublished doctoral thesis, PUCRS, Porto Alegre, 2010). However, through historiography, it is common to observe planning analysis that did not advance the description and analysis of government plans, such as: Daland, *Estratégia e estilo*; Costa, *Planejamento governamental*; Ianni, *Estado e planejamento econômico*; Betty Mindlin Lafer, *Planejamento no Brasil* (São Paulo: Perspectiva, 1975). Criticizing this kind of approach, Monteiro and Cunha, state that 'It is an additional error to name Plans several documents that have no common characteristics. This aspect is very relevant in the analysis of the 1934/1945 period when most of the so-called Plans then presented were only budget reinforcement of the government [...]'. Otherwise, 'the major feature of the planning would be in the economic policy administration, especially in the organizational form of decision-making. The plan would not be a necessary or sufficient condition for the assessment of the planning' (Monteiro and Cunha, 'Alguns aspectos', p. 2).

¹⁵ Argumentation proposed mainly by Oliveira Viana and Azevedo Amaral.

¹⁶ The body was in existence between 1934 and 1949. However, the most effective period of its activity as an economic and industrial development planning body, even incipiently, was until 1945. Many authors highlight the CFCE as the first governmental planning body, considering the broad scope of its activities. In this regard see: Pereira, *Petróleo, energia elétrica, siderurgia*; Monteiro and Cunha, 'Alguns aspectos'; Diniz, *Empresários, Estado e capitalismo*; Draibe, *Rumos e Metamorfoses*.

administrative centralization and the strengthening of the government's powers of intervention, both in the economic and in the political control, the Foreign Trade Federal Council (Conselho Federal de Comércio Exterior — CFCE) was created, by Decree No. 24429 of 20 June 1934. Thus, the body was created as an important part of a complex administrative engineering provided by the 1934 Constitution, Article 103, through an intervenor system and the creation and improvement of institutions, autarchies and technical councils, was able to materialize a new institutional design.

In the beginning, the purpose of the CFCE aimed to centralize, to rationalize and to expand the foreign trade policy of the country according to a system through which they sought to formulate the economic policies, focusing on reducing their external dependency. As was defined by Decree No. 24429, of 20 June 1934:

a solução racional dos problemas do comércio internacional exige combinações, acordos, favores, trocas e operações que são da iniciativa ou da alçada do poder público; considerando a oportunidade e a urgência de ser criado para esse fim um órgão coordenador de todos os departamentos federais e estaduais de produção do país e das suas classes produtoras, como têm feito as grandes nações.

[the rational solution to the problems of international trade demands agreements, arrangements, favours, exchanges and operations that are on the initiative or within the jurisdiction of the government; considering the opportunity and urgency of creating, for this purpose, a coordinating organ of all federal and state departments of the country's production and its producing classes, as the great nations have done.]¹⁷

In the early years, the CFCE focused on the elaboration of studies and on reports relating to tariff policy, foreign exchange, and foreign trade. However, over time, its responsibilities expanded beyond common foreign trade policy and started focusing on resolutions, economic policy coordination, and on the definition of planning guidelines of the industrial and economic development.

Hence, the CFCE arose as an instrument to expand state control of economic activities, its function being to help the Government to formulate political guidelines and to make decisions. The CFCE proposed measures aimed at the development of national production in order to increase Brazilian exports.

Concerning the CFCE representation, it was nominally chaired by the President himself, but in fact that role was performed by an executive director. The council originally consisted of thirteen members, as follows: four members indicated by the ministries (Ministry of Foreign Affairs, Ministry of Finance, Ministry of Agriculture, Ministry of Labour, Industry and Trade); a representative member of the Bank of Brazil; and a representative member of the Trade Association; three representatives with expertise in Foreign Trade;

¹⁷ Presentation of Decree No. 24.429 of 20 June 1934.

and four technical consultants. All the members had to be selected directly by the President.¹⁸

It is worth highlighting that in the beginning the government ministers did not participate directly in the composition of the CFCE. The only members who participated were the representatives of the ministries, even though the government ministers would be at the plenary meetings. The members of the CFCE were people who had some influence on the economic policy guidelines, whereas the technical consultants participated in the plenary sessions, but they could only vote when the other members were prevented from voting.

The Foreign Trade Federal Council was divided into three chambers: the chamber of advertising and credit; the chamber of production, tariffs and transport; and the chamber of trade and negotiation. These chambers served to promote proposals and opinions for consideration by the council. Then, if they were approved, they were directed to the President of Brazil. Only after the approval of the President could they pass into law.

Between 1934 and 1937, 170 ordinary sessions were held during which studies and opinions related to the foreign trade policy, tariffs and exchange rate policies were promoted, and thus industrial policy measures were suggested. Gradually, the role of the CFCE started expanding, to include advising the government on foreign trade and giving opinions on any issues concerned the economic interests of the country, when addressed by the President.

In 1937, given the political condition of the *Estado Novo*, the CFCE expanded its range of actions even more, by becoming the government advisory council for any matter related to the economy. Thus, according the amendment of Decree-Law No. 74 of 16 December 1937, the CFCE developed a new organization, with the establishment of the National Economic Council (*Conselho Nacional de Economia — CNE*) required by the 1937 Constitution. According to its Article 2, it was determined that the council must consist of fifteen members, among which ten were directors and five were technical consultants. The distribution comprised of: one member representing the Ministry of Finance; one member representing the Ministry of Agriculture; one member representing the Ministry of Labour, Industry and Trade; one member representing the Ministry of Transport and Public Works; one Member of the Ministry of Foreign Affairs; one member representative of the Bank of Brazil; three class representative members: agriculture, industry and trade, respectively, out of a three-nominee list submitted to the President of the Republic by the Brazilian Rural Confederation (*Confederação Rural Brasileira — CRB*), the Brazilian Industrial Confederation (*Confederação Industrial do Brasil — CIB*) and the Brazilian Trade Federation (*Federação das Associações Comerciais do Brasil — FACB*); and one member chosen from among those with expertise in financial and economic studies and affairs. However, the five technical consultants had to be

¹⁸ According to Article 3 of Decree No. 24.429 of 20 June 1934.

chosen from among those with expertise in customs duty; statistics; transport; rural economy and commercial law.¹⁹

This first reorganization of the CFCE, to include a representative member of the Ministry of Transport and Public Works (Ministério da Viação e Obras Públicas — MVOP) and one more technical adviser, was necessary to formalize a dynamic of the first period of the existence of the council, since they were already including the ministry informally. The reorganization also aimed at greater prestige by expanding the representation of the ministries and their technical skill. This reformulation met their objective of boosting the political intermediation of interests between the ministries and the Presidency. The great feature of this period was to promote a central economic coordinating and development planning body.

In the second phase, between 1937 and 1939 — during the reorganization — the CFCE held sixty ordinary sessions, analysing and developing opinions on several economic issues, whose greater prominence was the creation of the Petroleum National Council (Conselho Nacional do Petróleo — CNP).

The CFCE was once again reorganized by Decree-Law No. 1.163, of 17 March 1939, and as Diniz pointed out, ‘it, in fact, represented the recognition of the evolution of the body over the previous year, specifically trying to make a reality of the idea of a central body of an economic coordination’.²⁰ The 1937 Constitution foresaw the creation of the National Economic Council (Conselho Nacional de Economia — CNE), but it was only established later. Thus, the CFCE started shaping up along the lines of what the CNE would be, and it played roles of coordination and promotion of production, becoming the advisory council to the Presidency for economic affairs.²¹

Concerning the composition of the council, according to Decree 1.163, the number of directors increased to sixteen, including three class representative members: agriculture, industry and trade. Each one was chosen from among three retired people, respectively from CRB, CNI and the Brazilian Trade Association Federation. The remaining members were chosen from among persons of ‘recognized competence’.

Thus, with the amendments made in 1937 and 1939, respectively, the council achieved additional functions, occupying a distinctive position as the government’s economic advisory body, becoming a consultative body of the Presidency of Brazil for economic issues and fulfilling the role of economic planning and coordination of other economic policy bodies. As Diniz has stated, ‘the CFCE reflected such effort, a distinctive feature of the centralizing

¹⁹ According to Decree Law No. 74 of 16 December 1937.

²⁰ Eli Diniz, ‘Foreign Trade Federal Council’, entry in *Dicionário Histórico-Biográfico Brasileiro* (hereafter DHBB).

²¹ The 1937 Constitution foresaw the creation of the National Economic Council (Conselho Nacional Econômico — CNE), which would be chaired directly by a Minister of State, and that the Council would act as a centralizing body for economic issues.

experience of the period, in order to test embryonic forms of economic planning'.²²

According to the testimony of Jesus Soares Pereira, 'the CFCE was a deliberative and even a legislative machine of the Estado Novo. The real creator body of an economic legislation for the country'.²³ During its existence, the CFCE stood out as one of the most important organs and reflected the centralizing efforts of the Vargas Era, starting from an untested model of economic and industrial development planning. In fact, the CFCE outlined important solutions for some of the priority issues of that time, for example, matters relating to steel production and to oil. Thus, the CFCE can be considered the first planning body for economic activities in Brazil.

As the CFCE started being institutionalized as an economic planning body, its class-base representation started increasing and it began to hire more and more members with 'recognized competence', making their selection process more flexible, and their plenary sessions relied on wide participation of the ministries (which were no longer formally part of the body) and class representatives. The CFCE underwent several changes in its institutional design until December 1949, when it was dissolved and replaced by the CNE, envisaged by the 1937 Constitution but only established by the 1946 Constitution.

The Economics and Finance Technical Council (CTEF)²⁴

As part of the Estado Novo's project of political and administrative centralization, the Economics and Finance Technical Council (Conselho Técnico de Economia e Finanças — CTEF) was created, by Decree-Law No. 14 of 25 November 1937. The CTEF was conceived as a technical body with an advisory capacity, connected to the Ministry of Finance in order to study and gather information from different Brazilian states, to monitor and control the state and municipal finances, aimed at 'correcting the distortions resulting from the prevailing excessive autonomy of the Brazilian states in the previous regime'.²⁵ Thus, the CTEF aimed to centralize in the federal executive the regional financial operations to control the internal and external debt of the states and municipalities. It was up to the CTEF to issue opinions on various aspects of economic and financial policy (taxation, banking and monetary law, tax incentives, fuel use and energy policy, industrial policy).²⁶

With regard to its composition, the CTEF was chaired directly by the Minister of Finance and consisted of eight advisers and a technical secretary, appointed directly by the President of the Republic. As a criterion for recruitment, it

²² Eli Diniz, 'Foreign Trade Federal Council', entry in DHBB.

²³ Pereira, *Petróleo, energia elétrica, siderurgia*, p. 49.

²⁴ The CTEF existed between 1937 and 1971.

²⁵ Eli Diniz, 'Economics and Finance Technical Council', entry in DHBB.

²⁶ According to Decree-law No. 14, of 25 November 1937.

emphasized the need for people with 'remarkable knowledge' in the field of economics and finance.²⁷

According to Diniz, 'obeying the dominant orientation at the time, the corporatist principle of representation of the business community within the State apparatus would be reflected in the systematic appointment of representatives of the industrial, financial and commercial business in the board composition'.²⁸ Thus, it is suggested that the CTEF would have been an important means of expression and articulation of the private sector within the structure of the *Estado Novo*.

As regards its internal organization, the council was composed of a deliberative and an executive body. In its deliberative body, the council was formed by the president, the advisers and the technical secretary. In its executive body, it was subdivided into four divisions (administration, control and monitoring of external debt, financial studies, and economic studies) and a technical secretariat, besides subsidiary bodies (special commissions and economic and financial conferences).²⁹

The CTEF, as an advisory body of the Ministry of Finance, played an important role in the reorganization and rationalization of the Brazilian tax system during the *Estado Novo* to standardize the state and municipal budgets.³⁰ Additionally, it played an important role in the planning of Brazilian industrial development, especially in discussions involving steel and oil policies.³¹ At the same time, the CFCE advocated the need to draw up a law regulating the organization of industrial credit banks to deepen the process of industrialization in the country.

However, with the end of the *Estado Novo*, the CTEF began concentrating its activities in the areas of tax and budget policy. Decree No. 63 abolished the agency on 14 January 1971 and it was absorbed by the Sub-secretariat for Economy and Finance, a new body established in the Ministry of Finance.

The Coordination of Economic Mobilization (CME)³²

The outbreak of the Second World War, in 1939, accelerated the intervention

²⁷ Idem.

²⁸ Eli Diniz, 'Economics and Finance Technical Council', entry in DHBB.

²⁹ With the reform of the CTEF's internal structure in 1953, its executive body began to operate through the establishment of four chambers: a chamber of external and domestic debt, consolidated and floating; a chamber of economy and finances in general; a chamber of exchange supervision, transfer of funds abroad and exchange rate policy; and finally, a chamber of banking organization and monetary system in order to cover the wide area of the body's activity. According to Decree No. 34791 of 16 December 1953.

³⁰ This standardization is given by Decree No. 1804 of 24 November 1939, and supplemented by Decree No. 2416 of 17 July 1940.

³¹ Boschi, *Elites industriais e democracia*.

³² Despite not being strictly a body of the state structure, the Coordination of Economic Mobilization (Coordenação de Mobilização Econômica — CME) served as one during the War scenario, coordinating the joint committee of ministers. Its existence coincided with the period of Brazil's participation in World War II, between 1942 and 1945, with the CME was created for this

process of the Brazilian Government in the economic domain, in terms of economic nationalism — the defence of ‘national interests’ — and military defence. Thus, the coordination of economic activities, through planning as an instrument of state economic policy, became the centre of political discussions, especially as regards the organization of information, analysis of problems, decision-making, and control and implementation of economic development policies.

The impact on International Business resulting from this war scenario led the Brazilian government, through the CFCE, to create the Supply Commission (1939) and the National Defence Commission (1940), which consisted of representatives of several government departments and which were appointed by the President himself.³³ However, both committees were limited to the establishment of a price control system, not exercising effectively the coordinating activity that they had been assigned.

Even before Brazil’s entry into the World War, there had been debates on the need to create a clearinghouse for economic decisions. However, with the declaration of war against the Axis powers made by the Brazilian Government in August 1942, a ‘body of a more comprehensive character’ was provided for, according to Article 180 of the 1937 Constitution, which was to replace the two committees.³⁴ Thus, by Decree-Law No. 4750, of 28 September 1942, the Coordination of Economic Mobilization (Coordenação de Mobilização Econômica — CME), which aimed to coordinate the functioning of the economy in the context of the emergency generated by Brazil’s entry into the war, was created.

The CME was a body subordinated directly to the President of the Republic and in charge of the control and supervision of bodies, state enterprises and private companies related to ‘strategic sectors’ of the national economy.³⁵ In addition to responding to the emergency nature of the war, the CME had, as an underlying goal, the institutionalization of state control over the Brazilian

purpose. See in this regard Correia and Nogueira, ‘A intervenção do Estado no domínio econômico’.

³³ Despite its initial neutrality, Brazil was affected by the fall in exports of its agricultural products, especially coffee, and the difficulty in importing machinery, industrial raw materials and fuels. In addition, there was the demand for ordnance made by the nations involved in the conflict.

³⁴ In addition to the Article 180 of the 1937 Constitution, the Public Service Administration Department (Departamento de Administração do Serviço Público — DASP), through the *Explanatory Memorandum*, number 1811 of 31 July 1942, also points to the need for a body of ‘broader scope’ due to the war scenario. Thus, according to this document ‘[...] before the international events, the internal difficulties arising from it, the undeniable need to extend the presence of the State action in this serious situation, to accelerate by all means the preparation of the economic and social structure of the nation to face the crisis, it is imperative to give the Government the necessary support to address the situation. A body under single direction must be created, with its own personality and administrative autonomy, with jurisdiction within and outside Brazil, armed with broad powers over administrative bodies and private entities, to coordinate, under the guidance of Your Excellency, the economic mobilization of the country.’

³⁵ The Coordination of Economic Mobilization had its administration centralized in the Federal District (Rio de Janeiro City, at the time) and had regional offices in the main capitals of the country, chiefly in the states of São Paulo, Rio Grande do Sul, Santa Catarina, Paraná and Minas Gerais.

economy. Thus, it represented a major effort of coordination and planning, confirming, despite its emergency nature, the trend of that time towards centralization and State intervention in the economy.

Stimulating agricultural and industrial production, supplying the domestic market, fixing the prices of essential food products, improving the transport system and fighting inflation were some of the CME's main functions. Thus, the agency acted as a 'super ministry' with broad powers to intervene in economic activities, especially in the setting of prices and wages, in supply and transportation problems, and in the establishing of production targets aimed at reducing the effects of war on the national economy. Thus, the CME absorbed much of the power of the Foreign Trade Federal Council.

The wide CME summit structure had a general coordinator, chosen directly by the Brazilian President, an advisory board, a planning sector, an information sector, research bodies and a secretariat, linked directly to the coordinator. Below this structure, there were a large number of sectoral executive bodies of coordination and direct action divided into three departments (Industrial Production Sector, Supply Services Sector, and Pricing and Imported Products Licensing Sector) and specific bodies of distribution and production, which were created according to the demand.³⁶ The Members of the CME structure were recruited from other bodies of the state structure (mainly from the ministries, boards, commissions, and autonomous bodies) and also from different states.

Consequently, the CME used the existing administrative structure in Brazil from before the war, and sought to guide this structure according to the new requirements, but it also created new bodies of direct action. At this point, the criticisms in the literature on the role of CME emerge due to the overlap of direct bodies of action, when there were already bodies able to perform such duties.³⁷

The Industrial Production Sector (Setor da Produção Industrial — SPI) stood out within the CME structure, mainly regarding the discussions about the steel industry, pointing beyond the supplies needed for an effective planning of industrial production in Brazil. In this sense, the SPI was responsible for encouraging and creating new industries in order to produce goods for import substitution. The SPI was, therefore, important to the war effort and for the development and systematization of Brazilian industrial development, incorporating more accurately industrial policies to economic policy.

The CME was abolished in December 1945, just months after the end of the war, but almost all its departments were absorbed by the various ministries and the coordinator's duties passed to the Executive Director of CFCE.³⁸

³⁶ D.O.U. [Diário Oficial da União] of 2 December 1942, Section 1, p. 17495. According to an interview with João Carlos Vital, CME coordinator in 1944, the CME once had two thousand employees; see Correia and Nogueira, 'A intervenção do Estado no domínio econômico'.

³⁷ This critique appears in Diniz's work (*Empresários, Estado e capitalismo*).

³⁸ On the extinction of the CME see D.O.U. from 28 December 1945, Section 1, p. 19201.

The National Council of Industrial and Trade Policy (CNPIC)³⁹

The National Council of Industrial and Trade Policy (Conselho Nacional de Política Industrial e Comercial — CNPIC) was established in 1944 by Decree-Law No. 5982, of 10 November 1943, as an advisory body connected directly to the Ministry of Labour, Industry and Commerce (MTIC). Its goal was to study the industrial and commercial policy for a post-war scenario, and to propose planning guidelines for the national economy. The creation of CNPIC aimed at better coordination among many sectors of public administration, taking into account the various studies of the councils, of several public departments, and class representation entities already established, and that were involved in industrial and commercial activities.⁴⁰

When highlighting the urgent need to define an industrial and trade policy for the post-war period it is worth mentioning the importance of the Ministry of Labour, Industry and Commerce (MTIC), during Alexandre Marcondes Filho's administration, for the creation of CNPIC. The body was composed of representatives appointed by four ministries: the Minister of Labour, Industry and Commerce in person (as the president of CNPIC); a representative of the Ministry of Finance; a representative of the Ministry of Agriculture; and a representative of the Ministry of Transport and Public Works. Also belonging to the composition were two industrial representatives, and two representatives of trade (indicated by the respective bodies), and five members with 'remarkable knowledge', directly appointed by the President himself.⁴¹

Regarding the role of the CNPIC within the state structure, one of its members, Rômulo Almeida says that this 'represented an attempt at a government partnership with the industrial sector which, through its most important leaders, was pressing for greater involvement in the formulation of alternatives in economic policy.'⁴²For Diniz's part,

among the advisory bodies created during the Estado Novo as part of the corporate project implemented over the period from 1930 to 1945, the National Council of Industrial and Trade Policy (Conselho Nacional de Política Industrial e Comercial — CNPIC) is among those most clearly committed to the view of transposing the conflict between different dominant groups of the state bureaucracy through self-representation in the technical bodies, of the main conflicting interests.⁴³

However, according to Monteiro and Cunha, the creation of the CNPIC implied, in a sense, a duplication with the CFCE's tasks, which limited its importance as an economic decision-making body.⁴⁴ It is worth mentioning

³⁹ The CNPIC existed between 1944 and 1946. However, its most effective action ended in 1945.

⁴⁰ According to Decree-Law No. 5.982, from 10 November 1943.

⁴¹ Article 1 Decree-Law No. 5.982, from 10 November 1943.

⁴² Rômulo Almeida, *Experiência brasileira de planejamento orientação e controle da economia* (Rio de Janeiro: Edição de *Estudos Econômicos*, 1950).

⁴³ Diniz, 'Conselho Nacional de Política Industrial e Comercial (CNPIC)', entry in DHBB.

⁴⁴ Monteiro and Cunha, 'Alguns aspectos', p. 8.

the importance of the CNPIC for the seminal debate generated around the idea of creating a central body for coordination and planning of the economic and industrial development.

If, as a formal body, the CNPIC's functions overlapped with the CFCE's, the body also represented an arena for confrontation between different economic projects; hence the importance of the discussions developed within the CNPIC around the paths that the Brazilian economy should follow. This was evident in the famous *controversy over planning* between Roberto Simonsen, the CNPIC's rapporteur and the advocate of expanding the practice of protectionist measures in the Brazilian industry, and Eugênio Gudin, rapporteur of the Economic Planning Commission (Comissão de Planejamento Econômico — CPE), which pointed to the limitations of state *dirigisme* and protectionist policy.⁴⁵

The debate on planning arose in the very first meeting of the Council when the President of the Council, Alexandre Marcondes Filho, asked members to study 'the fundamental principles that should guide the industrial and commercial development of Brazil in the future'.⁴⁶ As a result of this discussion, there were proposals for the organization and institutionalization of 'national planning' as a project submitted by the industrial representative, Roberto Simonsen, aiming at executives and governing bodies to enable this function, and that gave a new character to the interventionist state action, which was approved by the Council after discussions and amendments in the Council plenary. The approval of this proposal provoked strong reaction and criticism from the CFCE and the CPE, also created in 1944, and subject to the National Security Council, and they sought to undermine the CNPIC project. The person chosen as the CPE and the CTEF rapporteur on the CNPIC project, Eugênio Gudin, criticized and vehemently rejected the project, denouncing the inappropriate use of concepts and economic arguments, and suggesting a gradual reduction in state intervention mechanisms in the economy.

This debate went beyond the limits of state economic bureaucracy, since it constituted a significant element of the institutionalization of a space for a state planning elite, to promote and recognize economic planning as an important element in the definition of development guidelines, and therefore as an element in dispute in the political game.

With the end of the Estado Novo, and the closure of the project, CNPIC was extinguished by Decree-Law No. 9083, of 22 March 1946. Thus, its action was limited to the preparation of this project of the 'national economy planification' and it was unimpressive in terms of influence in the decision-making process. However, the debate generated was of great importance in the definition of an industrialization project, whose viability would depend on the strengthening of the state capacity to intervene in the economic field.

⁴⁵ The debates were published in Roberto Simonsen and Eugênio Gudin, *A controvérsia do planejamento na economia brasileira: coletâneas da polêmica Simonsen X Gudin* (Rio de Janeiro: IPEA/INPES, 1977).

⁴⁶ Indication number 09, according to ordinary meeting, 5 April 1944.

The Economic Planning Commission
(A Comissão de Planejamento Econômico — CPE)

While the discussions on planning in the CNPIC were developed, the Economic Planning Commission (CPE) was created by the Federal Government, in 1944, linked directly to the National Security Council, but it was soon extinguished, in 1945. Hence, like the CME, its goal was the adjustment of the national economy in the post-war scenario, making studies on the economic activities of general and military interest.

Among its duties was 'economic planning, in addition to the problems related to agriculture, industry, national and international business [...]'.⁴⁷ Concerning the composition of the CPE, despite the presence of names committed to the idea of strengthening the industrial sector, it is clear there was a preference for the non-interventionist trend that increasingly gained momentum in the country as the end of the war approached.

O Planejamento Econômico Brasileiro assentará na conjugação de esforços entre o Estado e particulares, cabendo ao Estado criar e manter a ambiência indispensável ao surto e à expansão da iniciativa particular, complementando-a onde esta se mostrar deficiente.⁴⁸

[Brazilian Economic Planning will be based on joining together efforts between the State and private interests, with the State being responsible for creating and maintaining the environment necessary to the emergence and the expansion of private enterprise, supplementing it where it shows itself to be deficient.]

In its first paragraph, the *regimento* states that

O Planejamento Econômico Brasileiro deverá orientar o aproveitamento dos fatores de produção — recursos naturais, mão-de-obra, capital e capacidade técnica — no sentido da maior eficiência da produção nacional e da melhoria do padrão de vida do povo brasileiro.⁴⁹

[The Brazilian Economic Planning must guide the use of the factors of production — natural resources, labour, capital and technical capacity — towards greater efficiency in the domestic production and improving the standard of living of Brazilian people.]

Among other matters, the CPE was also responsible for the development of general or special plans for the use and gradual development of the country's economic resources and the centralization and coordination of plans and projects for the national economy, prepared by any agencies, commissions and federal, state and municipal public councils.⁵⁰

With regard to its composition, it was not connected to the ministry. The

⁴⁷ Article 1 § 2 from the Rules of the CPE, September 1944.

⁴⁸ Article 1 from the Rules of the CPE, September 1944.

⁴⁹ Article 1 § 1 from the Rules of the CPE, September 1944.

⁵⁰ Article 4 from the Rules of the CPE, September 1944.

commission consisted of seventeen members of the Advisory Board under the chairmanship of the General Secretary of the National Security Council, and all chosen directly by the President of the Republic.⁵¹ The body was structured by the Advisory Board, an Executive Secretariat which had the task of coordinating the Special Sections which were divided into two sections, general and military affairs.⁵²

However, the creation of the CPE seems to have resulted from the attempt to establish the experience of the CME on a permanent basis. Alternatively, as shown by Monteiro and Cunha ('Alguns aspectos') from Eugênio Gudín's interview, the creation of the CPE would have as a political motivation the objective of limiting and creating a counterpoint to the proposals of the CNPIC, under the guidance of Roberto Simonsen.

Conclusions and Final Remarks

The new organization, therefore, introduced by the Brazilian Government through the Technical Councils' economic apparatus, would promote the industrialization and the maintenance of the state space examined throughout this whole article. Thus, if the industrial and economic development process required state coordination, this *élan* State Coordinator was in the development model itself, which had as a goal Brazil's industrial development, as the coordinating central body failed to materialize.

It is interesting to highlight that by creating the Technical Councils, the Government catered to a multiple frame of interests that started to internalize within the State itself. Alternatively, it can be said that sectoral interests were enrolled in the very structure of the State in its economic apparatus, in its multiple control bodies of regulation and intervention. This is explicit in the process for recruiting members and in their composition.

Hence, the Technical Councils remained in the Brazilian Government structure for subsequent periods by setting not only an institutional model geared to the guidelines of the economic and industrial development, but also as a model of political interaction with a corporatist and authoritarian character among the Government, the sectoral demands of society, and private interests. Thus, the Technical Councils acted as political intermediaries legitimizing the direct involvement of the different economic interests within the State. This 'elites' instrumental corporatism'⁵³ also draws attention to the self-representation of interests, from state bodies, making use of technical and theoretical arguments for its legitimation through the legitimization of economic knowledge.

⁵¹ Although the Decree-Law No. 6.476, of 8 May 1944, talks about seventeen members for the Advisory Board, Article 5 from the Rules of the CPE, of September 1944, talks about 'an unlimited number of members'.

⁵² Article 4 and 5 of the Decree-Law No. 6.476, of 8 May 1944.

⁵³ This concept is introduced by Maria Lúcia Teixeira Werneck Vianna, *A administração do milagre: o Conselho Monetário Nacional (1964-1974)* (Petrópolis: Vozes, 1987).

The experience gained after the seminal attempts between 1934 and 1945 to establish a central organ for planning and economic coordination, and the discussions involving the Brazilian State development subject, are fundamental to the understanding of the direction of the Brazilian industrialization process post-1945 and its interaction with the state structure.