

INDUSTRIAL DEVELOPMENT AND GOVERNMENT PROTECTION IN BRAZIL: ISSUES AND CONTROVERSIES, *CIRCA* 1840–1930¹

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The possibility and perspectives of industrial development, in a country with clear comparative advantage on agricultural exports, originated, in nineteenth-century Brazil and beginnings of the twentieth, opposing views as to the orientation of government policy: should it lean towards free trade, or should it be protective to local industrial endeavours? The central point of contention was usually the fixation of tariffs on imported manufactures. Tariffs were, and would remain until the 1940s, the chief source of governmental revenue. Accordingly, the debate was mainly focused on practical questions of tariff policy—whether they should be purely a fiscal instrument, or should they protect local production—rather than on the doctrine of international trade relations.

To recognize the predominant views and opinions that influenced governmental actions in the period, it is convenient, therefore, to examine directly the decisions taken by the main political actors of the time, and, when present, justifications of those decisions, as expressed by the relevant actors. This is all the more necessary as a conventional view, in the literature, ascribes a liberal orientation to government actions, in the nineteenth century, not only in Brazil but also in Latin America; consequently, tariff policy would have been exclusively determined by fiscal considerations.² The influential Brazilian historian Caio Prado Jr. labelled the first half of the nineteenth century in Brazil “the age of liberalism”. Heitor Lima, a historian of Brazilian economic thought, goes further: liberalism would have dominated the whole 19th century.³

¹ Versão preliminar de capítulo de livro sobre pensamento econômico no Brasil, organizado por Mauro Boianovsky, em preparação. Agradeço a crítica de Edmar Bacha a uma versão anterior (eximindo-o de qualquer culpa pelo resultado).

² Lewis 1986:298,321.

³ Prado Jr. 1959:123ff; Lima 1975:91ff.

The idea of a dominant liberal outlook may have been influenced by two factors. First, by what could be called the intellectual climate of the period. Writings on the doctrine of international trade by Brazilian authors were rare, in the period, but their influence is recognizable. More important would be the influence of classical economists, whose ideas were taught (even though superficially) in Law schools; the large majority of statesmen in the period were lawyers.

A second point is the objective fact that no consistent and durable government policy in favour of industry can be identified, at least up to the first decades of the twentieth century. This was probably taken by many as a clear sign of a decided preference for free trade, in governmental circles. It is arguable, however, as seen below, that lack of protectionist policies, rather than revealing a preference of policy makers for liberalism, should be attributed to other factors, as the political activity of merchants against government support to local industry. There are reasons to suppose that lobbying of merchant interest groups, in particular commercial associations, was very effective in this respect. In other words, results were liberal, especially in the first part of the period under consideration; but the prevalent views and opinions, in particular those of the relevant policy makers, were not necessarily liberal.

The intellectual climate

Writings of José da Silva Lisboa, in 1810, and Aureliano Tavares Bastos, later in the century, were significant part of the intellectual climate of the time, and frequently quoted in support of liberal arguments.

Lisboa, Viscount of Cairu (1756–1835), an avowed disciple of Adam Smith, wrote extensively on various subjects, and was also an influential journalist and government official. In a book published in 1810, he argued forcefully against governmental support for industrial enterprises in Brazil. He was not unfavourable to government intervention in the economy; but he thought that protection should be given to all economic activities, without distinction: “The

government acts wisely protecting, by equal and impartial laws, the general industry of the population, not this or that industry in particular, unless this should be indispensable to the safety of the country[...].⁴

He accepted the idea of restricting manufacture imports competing with national production, in order to support infant industries: “Even if [the products of those industries] are at first more expensive and imperfect, they will in time get better and cheaper”. But this was only operative in advanced economies; that policy could not be applied in Brazil. The problem would be the smallness of the market, not allowing a sufficient scale of production: “It is improbable that mechanized industries can be introduced in a country with no large demand for their manufactures.” Big machines, large factories “where a vast population does not exist, are a chimera”. Only with the increase in population and capital accumulation “will we able to have, little by little, gradually, in due time, many local factories.”⁵

Tavares Bastos (1839–1875) was, in the few years of his active political life, a powerful voice in defence of liberal ideas. In his writings, he criticized the excessive centralization of the Brazilian political system, to him a legacy of colonial times and old Portuguese institutions. Influenced by Tocqueville and the example of the United States, he favoured a federative system, and a limited interference of the State in economic life; accordingly, he was a fierce critic of protective tariffs. Quoting Bastiat, he insisted that the government should aim to protect the interests of consumers, not of this or that local producer. His ideas on economic liberalism were influential in the Chamber of Deputies, of which he was a member for seven years.⁶

The influence of Law Schools was emphasized by Celso Furtado:

European economic science in Brazil was filtered through law schools and tended to become transformed into a body of doctrine which was accepted independent from any endeavor to

⁴ Lisboa 1999[1810]: 59. Here and in subsequent texts in Portuguese, translation is mine.

⁵ Lisboa *ibid.*: 97,101. On Lisboa’s economic ideas, Paim 1968. It is usual to refer to Brazilian personages of the nineteenth century by their titles, as it was customary at the time. Lisboa is generally mentioned in the literature as Cairu.

⁶ Bastos 1863: Appendice 1, 361-70. For his activity and influence in Parliament, see Luz 1961: 26,39,65; Nabuco 1975[1897-99]: *passim*.

compare it with reality. [...] The Brazilian statesman with some background in economics was a prey to a series of doctrinaire prejudices [...].⁷

Brazilian political elites showed, in the nineteenth century, a remarkable homogeneity as to educational background: during the monarchy (1822–1889), fully 73% of all Ministers had Law degrees; of those, more than three over four had studied in the Law Schools established in São Paulo and Pernambuco provinces in 1828 (the remaining ones had studied in the University of Coimbra). In the Senate, the proportion of lawyers was even higher.⁸ As shown by Lima, Economics teaching in both São Paulo and Pernambuco Law schools was based on the classical works of Smith, Malthus, Ricardo, Say, Stuart Mill.⁹

The acritical acceptance of the ideas of those economists, mentioned by Furtado, was probably influenced by the fact that law students took a single course in Economics, so their knowledge to the subject could not be very profound.¹⁰ And it is possible, as mentioned by Carvalho, that quotations of foreign authors, very common in writings and parliamentary speeches at the time, rather than supporting a conceptual reasoning, were actually a rhetorical strategy in defence of preconceived ideas, or economic interests.¹¹ Especially, we may suppose, in what concerned tariff policies, where the interests of importers and local producers were squarely opposed.

Commercial associations and their influence

The influence of commercial associations in the determination of tariff policies has been convincingly argued by Ridings, in his detailed study of the activities of those institutions, in the nineteenth century. The principal commercial associations were established in the 1830s, in Rio de Janeiro (1834), Pernambuco (1839) and Bahia (1840). Their members and directors were mostly foreign merchants in the overseas trade. Created with the “central purpose of [...]

⁷ Furtado 1968: 116.

⁸ Carvalho 1996: 55-82. Percentages from pp 71-74.

⁹ Lima 1976: 106-107.

¹⁰ *Ibid.*:105.

¹¹ Carvalho 1996: 330.

influencing government”, their actions in this direction were inconspicuous, to avoid nationalistic resentments, but no doubt strong. Indeed, their power would have been “underestimated in both past and present, because their leaders wished it so”.¹²

The most influential Commercial Association, that of Rio de Janeiro, had very close associations with the government. When it was formally founded, the largest contribution for its installation was made in the name of the nine-year-old Emperor, who attended the festivities, in 1834, installed on a specially prepared throne.¹³

As it was to be expected, a central concern of members of commercial associations, as to government decisions, was related to taxation and, specifically, the fixation of tariffs. In this respect, they were in an especially favourable position, in two ways. First, as experts on trade, in which capacity they were frequently consulted by the government officials, who commonly had little expertise on matters related to trade (in fact, “the ‘technocrat’ had yet to make an appearance on the government stage.”) This was particularly true in relation to the intricacies of merchandise classification, needed to design a tariff schedule. Second, by their close contact with customs officials, who “usually gave way to importers”. Actually, as mentioned in an 1853 report on tariffs, ill-paid customs employees often depended on merchants for personal loans. One way in which importers could bring down tariff collection was by fixing the official prices of imported goods (on which percentage rates were applied) well below the market value.¹⁴

Tariff debates: 1840-1865

¹² Ridings 2004:2,329,335.

¹³ *Ibid.*:25..

¹⁴ *Ibid.*:3,212; Comissão... 1853a: 97. With every new tariff schedule, a new list of official prices (supposedly representing market prices) was established. The possible influence of foreign merchants on tariff policy was noted by Luz 1961:56-7.

In examining the disputes and debates on protection and tariff policy, it is convenient to consider separately the periods before and after 1865, for reasons that will be made clear below.

The issue of tariff fixing was raised forcefully in the early 1840s, with the expiration of an 1827 treaty with England, in which a maximum rate of 15% had been established for tariffs on English goods—a limit soon extended to imports from all countries. The treaty, very advantageous to England, replicated one signed by the Portuguese government in 1810, the last on a long series of treaties, starting in the seventeenth century, in which Portugal granted economic concessions to England in exchange for political support.¹⁵ The 1827 treaty was part of the price paid for recognition of Brazilian independence from Portugal, in 1822. In the early 1840s its termination was eagerly anticipated with a view to an increase in tariff rates, as a way to augment government revenues. Balancing the government budget had been a problem, in the years since Independence. The treaty expired in 1844.¹⁶

The end of the treaty would also bring about, for the first time, the possibility of establishing protective tariffs. The budget law for 1842-43 already foresaw, as one means to cover the estimated deficit, the establishment of a new tariff schedule, “as soon as the present Treaties expire”. Accordingly, the Minister of Finance appointed, in 1842, a Commission to elaborate the new tariff.¹⁷

The next Minister, Joaquim Francisco Viana, gave the commission strongly protectionist instructions: imported articles that caused Brazilian producers to “suffer the competition of imports” should be identified, and heavily taxed, at rates from 50% to 60%. Those rates should also be applied to articles that could be easily come to be produced in the country, due to ample availability of the necessary raw materials. In the particular case of coarser cotton

¹⁵ See, for instance, Manchester 1972[1933].

¹⁶ For the history of the 1827 treaty, and the failed attempts of British diplomacy to renew it in the 1840s, Manchester *op.cit.*: chaps. 8,11. Attempts were renewed in the 1860s: Graham 1968:107-8.

¹⁷ Law 243, Nov.30, 1841; Decree (Executive) 205, June 28, 1842.

textiles, the rate should be 60%; machinery to produce them locally should enter free of duties. Food articles and other commodities of general consumption should be levied at 20%; lower rates than that, only on a few small goods of high value, to avoid smuggling.¹⁸

The commission members, who were customs officials, chose, however, to ignore those instructions: in the new Tariff, few items were taxed at 60% or 50%; no special mention was made of cotton textiles, included in the residual rate of 30%. This clearly displeased Alves Branco, the Finance Minister who put in effect the Tariff, in 1844. The reason why a commission could prevail over a minister was probably the fact that its president was an important personage, Saturnino Oliveira, who would later be minister; his freedom of action was probably reinforced by a powerful backing: his brother Aureliano, Viscount of Sepetiba, had a very strong influence on the young Emperor.¹⁹

Be that as it may, in his report to the Legislature, Alves Branco confessed that the protectionist effect of the new Tariff was not satisfactory, “not because he lacked the will” to fulfil this purpose; and he urged the legislators “not to let our future in the hands of merely fiscal Tariffs, as the one that happily expired last year”—an implicit admission of incapacity to do it himself. With the expired Tariff, “which protected nothing, many attempted manufactures failed, and it was impossible to employ free and intelligent labour, so we had to depend entirely on slave labour.” It was necessary to protect the interests and rights of the country: “let us move in pursuit of industry in large scale”. This could be accomplished by improvements in the tariff, year by year (that is, on the initiative of the Legislature). But he warned that obstacles would certainly oppose this course of action: “the doctrines that dominate our schools, and above all the interests of those who come to Brazil not as a new homeland, but in search of rapid gains [...]”.²⁰

¹⁸ Decree (Exec.) 294, July 5, 1843. Viana was Minister of Finance in 1843-44 and would be Senator from 1853 on. Senators were chosen (for life) by the Emperor from a list of three names sent by the provinces.

¹⁹ Nabuco 1975[1897-99]: 80, 96n.

²⁰Ministério da Fazenda. 1845:35-39. Hereinafter, reports of the Minister of Finance will be referred to as RMF.

It is noteworthy that he mentioned—as Celso Furtado would do—the influence of free-trade doctrines taught in Law schools; and his final reference points, no doubt, to the interference of merchants involved in the import business, the great majority of them were foreigners. Foreign businessmen “usually refused to become Brazilian citizens when naturalization was convenient and easy”.²¹

Branco made explicit, in his report, the reasons why he thought protection to industry was necessary. His ideas bring to mind some arguments developed, one century later, by authors from ECLA, the UN Economic Commission for Latin America. He thought, as would be elaborated by Prebisch, Furtado and others, that specialization in the production of agricultural food products and raw materials was not a good strategy for economic development, in Brazil, as international demand for those goods is unstable; some raw materials may become obsolete, when substitutes are developed. Sustained growth should be based on the internal market:

No nation should base their hopes only on agriculture, on production of raw materials, on foreign markets. A country in those circumstances is always at the mercy of any eventuality, as wars, production in any part of the world of the articles it produces, or development of new substances that substitute those articles. A country without manufactures is always dependent on other countries [and cannot] advance a single step on the way to its wealth. Any country's Internal factory industry is the first, safer, and abundant market for its agriculture; its agriculture is the first, safer, and abundant market for its industry.²²

The protectionist Alves Branco, later Marquis of Caravelas, held various important positions in the monarchy: Prime Minister, Minister of Finance in four Cabinets, Senator from 1837 on, Member of the Council of State from 1842 on.

The Legislative was receptive to the appeal of Alves Branco in favour of protection to national industries. In the following years, significant incentives to local producers were voted. The first was a stimulus specific for industries of cotton textiles, for a period of ten years: no taxation on machinery importation, interprovincial sales, or exports; and exemption of military service for

²¹ Ridings 2004:35.

²² RMF 1845:38. On ECLA (later ECLAC) thinking, see Bielschowsky 2016.

part of their employees.²³ The purpose was probably to induce the establishment of new factories; there were at the time only six cotton textile mills in the country, three in Bahia and three in Rio de Janeiro.²⁴ In 1847 a substantial governmental loan to the owner of one of the Rio textile mills was approved, and, in the next year, a still larger loan favouring an ironworks and shipyard establishment in Rio de Janeiro (owned by Irineu Evangelista de Sousa, Baron of Mauá, famous for his multiple investment initiatives).²⁵

The first loan was the cause of a heated debate in the Senate, after it had been approved in the General Assembly (Chamber of Deputies). Alves Branco, again Minister of Finance (also Prime Minister), worried about the effect of the loan on government finances, all the more so as quite probably other requests would follow, argued against the concession. But he faced the opposition of Bernardo de Vasconcelos, one of the most influential politicians of the period, known for his pugnacious oratory. Vasconcelos had the upper hand, and the loan was approved by the senators—confirming the protectionist tendencies of the Legislature, at the time.²⁶

Exemptions for industrial raw materials

Protectionist measures in fact antedated the 1840s. One way to favour national industries, circumventing the 15% limit, was to exempt industrial raw materials from tariffs. This expedient had been adopted since before Independence, in 1809;²⁷ the exemptions were maintained after Independence. When the 1844 tariff was enacted, the question was raised: should the exemptions be maintained? The matter was submitted to the Council of State.

The Council of State was a consulting body to assist the Emperor in his decisions. The importance of the Council derives from the fact that D. Pedro II, who reigned from 1841 to 1889, far from being a ceremonial head of state, had a decisive role in many crucial decisions,

²³ Decree (Legislative) 386, Aug. 8, 1846.

²⁴ Comissão... 1853a: 337-342.

²⁵ Decrees (Legisl.) 491, Sept. 28, 1847; 510, Oct. 2, 1848.

²⁶ Senado Federal. *Anais...*: Sept. 10, 1847.

²⁷ Alvará, Apr. 28, 1809.

during his long period as monarch; in fact, accusations of a “personal power” on his part were not infrequent.²⁸ The Emperor generally accepted the predominant opinions expressed in the Council sessions, and important pieces of legislation originated there. Therefore, debates in the Council, though not deciding, were relevant elements of many political decisions taken in the period. And they are also useful as a means to examine the points of view and intellectual tendencies of its members, nearly all of them important political personages of the monarchy. “The political vision of the main leaders of the two great parties of the monarchy [Conservative and Liberal], and some of the principal public servants with no party affiliation, was concentrated [in the Council]”²⁹ Chosen by the Emperor and appointed for life, the Councillors could express themselves all the more freely, in the Council sessions, as debates were not published.

The discussion on exemptions to raw materials took place in February, 1847.³⁰ Alves Branco reported the opinion of the Council’s Financial Section: exemptions should be maintained. A question had been raised in the Section: the existing rules stated that exemptions would be given to inputs of “national factories”: should it be understood that factory owners had to be Brazilian? In a written vote, Araújo Lima, who was not present, concurred with the maintenance of exemptions, but added that factories owned by foreigners should be included. All Councillors but one approved the opinion of the Financial Section, and the majority followed Araújo Lima’s vote on the definition of national as located in the country.³¹

Councillor Carneiro Leão, other important figure of the monarchy, concurred that the 1844 Tariff “was not sufficient” to protect local industries; it had favoured some branches of

²⁸ On this point, see Holanda 1997: part I, chap.1; part II, chap. 1.

²⁹ Carvalho 1996: 327.

³⁰ Senado Federal. *Atas do Conselho de Estado...*: Feb.11,1847. Hereinafter mentioned as *Atas*.

³¹ Araújo Lima, later Marquis of Olinda, had been Regent of the monarchy in 1838-40 and would be four times Prime Minister, and Minister in various other cabinets. He was Senator since 1837 and member of the Council of State since 1842.

industry, but other branches might develop in the future.³² His vote reaffirmed his position in a previous Council meeting, when a treaty with the German Zollverein was discussed. He had then opposed the concession of differential tariffs on imports of coarser cotton fabrics from the German states, “because we could expect to promote their production in Brazil.” (Curiously, as shown by Mauro Boianovsky, Friedrich List took a personal interest in the approval of such treaty, which finally was not signed).³³

Bernardo de Vasconcelos, mentioned above, also agreed with the position of the Financial Section: the 1844 Tariff was not sufficient for the protection of national industry. The purpose of the exempting legislation had been “to nationalize industry; as such nationalization depends on the help of government favours, that legislation subsists, it has not been revoked.”³⁴

The opinion of the Financial Section was approved: seven votes to one. The only dissenter was Lopes Gama, Viscount of Maranguape, a free trader; he thought that all raw materials should be exempted.

In the next year, however, the Minister of Finance, Limpo de Abreu, expressed misgivings about the exemptions: some materials were also goods of general consumption, which opened the way to abuses; and it was impossible to verify whether the amounts imported were compatible with the needs of local producers. But he was no free trader; he only thought that this type of exemption was not the best way to protect local industries. That goal should rather be attained by “a well-planned adjustment of the tariff schedule”, ensuring that foreign manufactures “would not supplant” local production.³⁵

³² Carneiro Leão, later Marquis of Paraná, had been Minister in three cabinets and would be Prime Minister and simultaneously Minister of Finance in 1853-56. Senator and member of the Council of State from 1842.

³³ *Atas...*: Sept.9,1845; Boianovsky 2013.

³⁴ Vasconcelos was Senator since 1837, and member of the Council of State since 1842

³⁵ RMF 1848:28. Limpo de Abreu, later Viscount of Abaeté, occupied various political positions, from 1833 to 1859: Prime Minister in 1858-59, Minister of Finance in two cabinets, head of other Ministries in ten different cabinets, Senator from 1847, member of the Council of State from 1848.

Rodrigues Torres, the next Finance Minister (after a series of short-lived cabinets), also criticized, in his 1850 Report to the Legislature, the raw material exemptions established by the Council of State. But, at the same time, he expressed forcefully his convictions on protection. “I do not adhere to the principles of unlimited freedom of commerce and industry as applied to our country”, he wrote. His arguments were close to those of Alves Branco:

[N]o country can be truly independent, and make great progress, when it is limited, as we are, to produce almost exclusively raw materials or agricultural products that are only consumed in foreign markets. An external war, changes in commerce flows, cultivation of products similar to ours in countries where lands are equally or more fertile, and where labour is cheaper and capitals more abundant, any of those circumstances can easily reduce our country to a state of decadence and penury [...].

The means to overcome the inferiority in productivity, in relation to other countries, was industrialization:

It is necessary, thus, to excite new productive forces, so that part of the population start producing some of the articles we receive from abroad. We will thus create in our country markets for a greater amount of all our products, bringing more movement and activity to internal commerce, more variety of occupations to which our countrymen may apply themselves, and develop their natural talents.

But protection should be temporary:

No branch of manufacture should, in my view, be protected, at least for now, if its raw materials are not produced in Brazil, or can be easily produced here; none that does not promise benefits, if not immediate, not too distant in time, and that could not, in a more or less brief period of time, attain a certain point of robustness that allows it to exist and grow on its own force, and provide higher benefits than the sacrifices it costs.³⁶

Some years later, now a member of the Council of State, Rodrigues Torres reasoned that increases in productivity were more to be found in industry than in agriculture:

Production among manufacturing nations has infinite elasticity, and is almost unlimited: products that were made, years ago, in many days and for a high price can now be made in a much shorter time and with much reduced expense. Agricultural products are not susceptible to such progress: they are subject to the inflexible law of seasons; no invention of mechanisms would make coffee or sugarcane to produce more than once per year; this is the reason why no exclusively agricultural nation can grow and prosper as the manufacturing nations.³⁷

³⁶ RMF 1850:32-34.

³⁷ Atas...: Apr.26,1867.

It could perhaps be said that Torres was, as Alves Branco, a forerunner of Latin American developmentalist thinking. For, in the above quotation, he was, in a way, outlining a notion that would be later developed, in the 1950s and 1960s, as part of a conceptual basis for import-substituting industrialization: industry would be the only source of productivity gains then available to Latin American countries.³⁸

As Alves Branco, Rodrigues Torres, Viscount of Itaboraí, was an important personality in nineteenth-century politics. He was twice Prime Minister, four times Minister of Finance (the longest occupant of this Ministry during the monarchy), Senator from 1844 on, Member of the Council of State from 1854 on. Contrary to Alves Branco and Limpo de Abreu, members of the Liberal Party, he represented the Conservative Party: protectionist views crossed party lines.

What was said above suggests that the defence of an industrial development by Rodrigues Torres, Alves Branco and others had the rudiments of an intellectual foundation. It seems unjust to suppose that “the interventionists of the Council [of State] did not see clearly how to make industry develop from the agrarian basis of the country”.³⁹

The 1853 Tariff Report

In his 1850 Report to the Legislature, Rodrigues Torres, quoting Alves Branco, complained that the 1844 Tariff had failed to give adequate protection to national industries; he intended, then, to propose a new Tariff, revoking the exemption for imported inputs, but at the same time introducing the necessary changes, so that the manufacturing industry should “be reasonably

³⁸ As Celso Furtado (1985: 62) wrote in his memories, recalling 1950s discussions around the writings of Raúl Prebisch: “To escape the constraints of the existing international order, countries in the periphery had to adopt the way of industrialization, the essential path to access the fruits of technical progress.”

³⁹ Carvalho 1996:382.

protected.” To this effect, he had asked the Financial Section of the Council of State to prepare a proposal.

In his next Report, however, he mentioned that, as the elaboration of such proposal was quite complex a task, he had decided to charge it to a commission specially formed for that purpose. He gave the commission precise instructions: determine which existing manufacture producers in Brazil could succeed, if reasonably protected; impose on competing imports a sufficient tax to allow those producers to prosper; find out what are the raw materials used by such factories, and tax those materials at rates from 2% to 15%, according to the lesser or greater possibility of their local production; decrease the duties applied on materials needed in the construction and equipment of ships (certainly, a reference to the shipyard benefited by a government loan in the previous decade, the only one in existence at the time); finally, apply low rates on necessities consumed by persons of lower income, as long as this provision does not impair the previous ones.⁴⁰

The list of members of the Commission appointed by Rodrigues Torres brings to mind Ridings’ arguments concerning the influence of Commercial Associations on tariffs, as well as the reason why merchants were commonly consulted on the matter: they were considered the authorities on commercial practices. As Torres wrote in the Report: he had chosen for the commission “men in contact with those who can provide information [as needed], and knowledgeable about the facts that support such information.” The chosen members were “the Inspector of the Customs, employees of the Rio de Janeiro Customhouse, and some merchants.”⁴¹

The Commission took a long time to prepare their Report, made available in 1853: a very extensive and heterogenous document, with rather confusing passages but containing, with a companion volume of trade statistics, much valuable information. A central argument is a

⁴⁰ RMF 1851:30-31.

⁴¹ *Ibid.*:30.

strong but badly argued criticism of the 1844 Tariff and, more specifically, of Alves Branco's 1845 Report; the leitmotif is the notion that "the true orientation and purpose of a Tariff is to provide the State with the means to cover its expenses". Cairu is quoted repeatedly, and there are passing references to Smith, Say, Carey and Senior; "the celebrated List" is mentioned to call attention to the fact that his defence of a protectionist policy did not apply to a country as Brazil.⁴² The commission prepared also the project of a whole new tariff, aligned to their free-trade orientation.

The consequences of the Report were misjudged by some authors. Richard Graham wrote that "the recommendations of the [1853] commission were adopted [...]", which would have caused the country to begin to feel the "influx of free-trade theories". Nícia Luz recognized in the Report a "strengthening of liberal tendencies" in government, probably enforced by "the pressure of agricultural interests". Stanley Stein stated that "the views of the 1853 tariff commission continued for many years to enjoy official sanction and wide dissemination."⁴³

But, as stressed by Carvalho, this is a mistake.⁴⁴ In fact, the Report, which the Emperor sent to the Council of State for analysis, was almost unanimously rejected there: eight votes to one. The Report's tariff proposal was never adopted.

The opinion of the Finance Section of the Council, reported by Councillor Montezuma, was very critical of the 1853 Commission Report: it would be wrong to base government decisions on abstract principles of economic science, overlooking the specific circumstances of the present stage of development of the country's economy; the 1844 Tariff had been greatly beneficial, stimulating national industry. The Section proposed, as originally recommended by Rodrigues

⁴² Comissão... 1853a:87,295; Comissão... 1853b.

⁴³ Graham 1968:107; Luz 1961:22; Stein 1957:12.

⁴⁴ Carvalho 1996:355n19.

Torres, only reductions on food articles and tariffs on raw materials for existing factories, eliminating the criticized system of concessions for specific factories.⁴⁵

Rejection of the Commission's proposal, and acceptance of the Section's opinion, was general; the Council was, no doubt, aligned with the views of Alves Branco and Rodrigues Torres. The votes in agreement with the Section included those of Calmon du Pin, Marquis of Abrantes; Cavalcanti de Albuquerque, Viscount of Albuquerque; Araújo Viana, Viscount of Sapucaí; and Costa Carvalho, Marquis of Monte Alegre. The only dissenting vote was that of Lopes Gama, who had also been the isolated dissenting vote eight years before.⁴⁶ The new Tariff, adopted in March of 1857, followed the instructions originally fixed by Rodrigues Torres in his 1851 Report.

The focus of Finance Ministers' attention, as far as tariffs were concerned, would be, of course, their effect on government revenues. The 1857 Tariff, in spite of rate reductions in "necessaries consumed by persons of lower income" (per instructions), had not brought a reduction in tariff proceeds, in the following years; the latter had in fact increased. Encouraged by that, Sousa Franco, Minister in 1857-1858, decided to make further reductions, using previous authorizations of the Legislative. He favoured a small government: when a Councillor of State, in a discussion over new taxes, he insisted that "It is necessary to habilitate tax payers to pay for those taxes, by giving an impulse to productive forces, for which little more is needed than

⁴⁵ Atas. . . : Nov.22,1855. Members of the Finance Section, other than Montezuma, were Alves Branco (not present in that session) and Rodrigues Torres, now a member of the Council. Francisco Montezuma, Viscount of Jequitinhonha, had been twice Minister, was Member of the Council of State since 1850, and Senator since 1851.

⁴⁶ Abrantes was four times Minister of Finance, twice Minister of Foreign Affairs, Senator from 1840, Member of the Council from 1843; Albuquerque, five times Minister of Finance, four times head of other ministries, Senator from 1838, Councillor from 1850; Sapucaí was also Minister of Finance, twice head of other ministries, Senator from 1840, Councillor from 1842; Monte Alegre had been Regent during the minority of D. Pedro II, Prime Minister in 1849-1852, Senator from 1839, Councillor from 1843. Finally, Maranguape, the dissenter, was twice Minister of Justice and twice Minister of Foreign Affairs, Senator from 1839 and Councillor since 1842.

cutting the fetters that the government has imposed on private initiative and freedom of labour.”⁴⁷

But even free traders would ask for tariff increases, when pressed by budgetary worries. Indeed, Silva Ferraz, who had presided the ultra-liberal 1853 Commission, so critical of Alves Branco, was forced to do so, when Minister of Finance, in 1859-1861. Government revenues had decreased, in the fiscal year 1858-59, and would apparently decrease even more, which Ferraz blamed in part on the reductions made by Franco; it was necessary to review the Tariff, increasing rates. In his 1860 Report, he wrote: “I regret deeply that different causes had created [this situation], but a remedy is necessary, to avoid greater sacrifices in the future”.⁴⁸ The new Tariff, the last one up to 1865, was decreed in November, 1861.

Summing up the years 1840 to 1865, it is clearly seen that an examination of the ideas and positions of personages in the higher levels of government, in the period, shows that the notion of an “age of liberalism”, as applied to the first half of the nineteenth century, is untenable—at least in what concerns trade policy. Indeed, most of the time such policy was conducted by Ministers of Finance that expressed, in one way or another, their preference for protectionism. During those twenty-five years, Joaquim Viana, Alves Branco, Rodrigues Torres, Calmon du Pin, Cavalcanti de Albuquerque and Carneiro Leão, all of them avowed protectionists, headed the Ministry for two thirds of the time.⁴⁹

The fact that the intellectual position of finance ministers did not result in a coherent protectionist policy was probably influenced by contrary pressures from the importers’ lobby. But, in all probability, tariff protection would not have been sufficient to promote significant industrialization, at the time, as objective conditions were very unfavourable: the market for

⁴⁷ *Atas...*: Apr.26, 1867. Bernardo de Souza Franco, Viscount of Souza Franco, was president of various provinces, Senator since 1859, and Member of the Council of State since 1859.

⁴⁸ RMF 1860:13-20. Ângelo da Silva Ferraz, later Baron of Uruguaiana, had been Inspector of the Customs in the early fifties, and was both Prime Minister and Minister of Finance in 1859-61. Senator since 1855, Member of the Council of State since 1853.

⁴⁹ Those six Ministers of Finance were in office for 202 out of 300 months: 67.3 per cent of the time.

industrial goods was still small and fragmented, due to a limited internal transport network; capital for industrial endeavours was scarce, and joint-stock companies hindered by an outdated commercial legislation.⁵⁰

The period after 1865

Various elements had a positive effect on local manufacturing industry, in this period. The dividing line, 1865, takes as a point of reference the beginning of the Paraguayan War (December 1864 to March 1870). The war brought about a large increase in government expenses, which were, in the fiscal years 1865/66 to 1869/70, close to 230% of what they had been, on average, in the previous five-year period. The large governmental deficits of the period were in part covered by monetary expansion: money supply (M1) more than doubled, from 1864 to 1870, with a possible stimulating effect on demand.⁵¹ Another stimulus would come from the great increase in coffee exports, starting in the 1870s.⁵² Celso Furtado famously argued that the increase of wage labour in coffee plantations, in the 1880s, was instrumental in the development of an internal market for manufactures.⁵³

The effect of the war on tariff policy was significant. Various ad-hoc increases were adopted, in the second part of the sixties. In 1869, the Finance Minister argued that the situation “required new sacrifices by taxpayers”: a new Tariff was introduced, with a general increase of 30% to 40% on all rates.⁵⁴ The 1869 Tariff has been seen as a turning point in tariff policy, in the monarchy period: in round numbers, the average tariff rate (value of tariff collection over value of imports) went from 27% in 1845–1869 up to 37% in 1869–1889.⁵⁵

⁵⁰ Bethell and Carvalho 1985:723-24.

⁵¹ IBGE 1990: 616, 534.

⁵² Due to a combination of rises in price and quantity exported, the average pound value of coffee exports rose about 70%, from 1860-1869 to 1870-1889

⁵³ Furtado 1968:ch.26.

⁵⁴ RMF 1869:17-19.

⁵⁵ Villela 2005.

In the all-important case of textiles, it has been shown that, from 1870 to the eve of World War I, the combination of import tariffs and exchange devaluations provided a steady level of protection, largely shielding local producers from periods of falling external prices.⁵⁶

As to supply of capital, an important trend has been noted, starting in the 1880s: investments of import merchants in local industries, especially in textile production—in part compensating for the fact that “many entrepreneurs had been long on ideas and short on working capital”.⁵⁷ Warren Dean has stressed that the importing business was “clearly the progenitor of an industrial sector” in São Paulo.⁵⁸ Those investments seem to have been, at least in part, a hedge against unexpected decreases in the external value of the Brazilian currency (*mil-réis*, at the time), which could cause losses, even bankruptcies, to importing firms; exchange rate oscillations were then frequent, and generally ill-understood.⁵⁹ They were later shown to be associated to cycles in the price of coffee.⁶⁰

Another favourable factor, it has been argued, was the railway network built in São Paulo province from the 1870s, on the initiative of coffee producers and traders, which opened markets in the interior of the province to industries installed in São Paulo city.⁶¹

Under those positive influences, investment in local production of textiles was significant, in the 1870s and 1880s, as indicated by the large number of textile mills founded in those decades, and also by an increase in machinery imports.⁶² Import substitution reached a relevant level in some areas: British consular reports mentioned a sharp decline, in the 1880s,

⁵⁶ Versiani 1980. It is noteworthy that this evidence runs counter previous assertions that tariffs would not have had a protectionist effect in the nineteenth century, as in Fishlow 1972:312, Baer and Villela 1973:221. The relative importance of textile production is attested by the fact that both in an industrial census in 1907, and in the general 1920 census, close to 40% of industrial workers, and 30% of the value of industrial production, were accounted for by the textile sector. DIRECTORIA GERAL DE ESTATÍSTICA 1927:Introduction.

⁵⁷ Stein 1957:71;also72,77; Ridings 2004:221.

⁵⁸ Dean 1969:20.

⁵⁹ Versiani & Versiani 1978:126-28; Wileman 1969[1896]:ch.1.

⁶⁰ Delfim Netto 1979[1959].

⁶¹ Saes 1981.

⁶² Suzigan 1986:app1,3. Machinery imports more than doubled in the 1870s, and quintupled in the 1880s, in relation to the 1860s.

of imports from Britain of domestics, a coarse type of cotton cloth. In 1889, it was reported that “the unbleached cotton trade has been killed by local factories”.⁶³

The advances in industrial production had a counterpart in efforts to congregate industrialists in trade associations. The *Associação Industrial do Rio de Janeiro* was founded in 1880; even though short-lived, it divulged in the occasion a vigorous manifesto attacking free trade and defending protection to national industry. An Industrial Bulletin soon started to circulate; members of the Association (especially the president, Antônio Felício dos Santos) frequently published articles in Rio newspapers in defence of industry. Their avowed purpose was to raise support from the public opinion for their cause. As soon as 1881, the Association edited a 350-page volume collecting those texts.⁶⁴

As expected, the articles had various nationalistic appeals. Echoing Alves Branco, “the noxious education provided by the academies” is criticized; also criticized is the composition of commissions charged to prepare tariff schedules, where only customs officials were present. But there are more solid arguments; it is argued, cogently, that frequent changes in tariffs, common at the time, gave confusing and contradictory signals to investors. And it is supposed that competition in local markets would provide an incentive for productivity gains and a gradual lowering of prices to the level of imports—protection would be temporary.⁶⁵

The Legislature was increasingly the scene where debates on industrial policy and the defence of industrial interests took place, in this period. Elected to the General Assembly, Felício dos Santos, himself a successful industrialist, defended those ideas as a lawmaker. He was there, for a time, “the leader of industry”.⁶⁶

Other influential pro-industry deputy was Amaro Cavalcanti. His approach was more analytical (he authored various books on Brazilian public finances): worried about the frequent

⁶³ Ricketts 1888; Gough 1889.

⁶⁴ Bibliotheca da Associação Industrial 1881.

⁶⁵ *Ibid.*:passim.

⁶⁶ Luz 1961:51,61-63.

insufficiency of exports to cover necessary imports, and the “rapid and ruinous fluctuations of the exchange rate”, he thought that industrialization was needed to decrease demand for imports.

In a curious passage, Cavalcanti seems to have touched on the idea of decreasing terms of trade for Brazil—a well-known argument of Prebisch’s writings, in the 1950s and 1960s: “The acquisitive power of [agricultural] wealth decreases with the increase in economic transactions, for [...] manufactured goods imported from industrialized regions become more and more expensive.”⁶⁷

The influence of Commercial Associations was still felt in tariff policy, in the 1870s and early 1880s. In 1879, a new tariff was generally favourable to industrial interests. Protests of the Rio Commercial Association were rapid and strong, causing the 1879 Tariff to be reviewed only two years later.⁶⁸ By the late 1880s, however, the climate had changed. The budget laws of 1886 and 1887 authorized changes in tariffs in order to protect national producers of paper and textiles. A full tariff reform was to be adopted, but the Republic came first; still, a change introduced in the last months of the monarchy—a sliding scale of tariff rates, increasing with the increase in the external value of the *mil-réis* —was seen as “the first openly protectionist measure of any Brazilian tariff.”⁶⁹

Republic 1889-1930

Historians have stressed that in the republican regime, installed in November 1889, the provinces, now called states, gained more power, at the expense of the central government. Consequently, “as the dominant classes in each state became more articulate [...] there occurred a greater convergence between the dominant class and the political and administrative elite.”⁷⁰ The political influence of landowners increased, and with it the

⁶⁷ Quoted in Luz 1961:67.

⁶⁸ RMF 1879; Decree 7552, Nov. 1879; RMF 1880:32; 1882:33, 49; Decree 8360, Dec. 1881

⁶⁹ Ridings 2004:221.

⁷⁰ Fausto 1986:788.

relevance of the more important agricultural states, São Paulo and Minas Gerais, in the national political scene. Therefore, the central government, after the first years of military rule, tended to become more averse to industrial protectionism. But in the Legislative, as in the last years of the monarchy, the presence of industrial interests was increasingly significant.

The first Minister of Finance of the Republic, Ruy Barbosa, viewed the industrial sector from a political viewpoint: the new regime needed the support of emerging forces.⁷¹ A new Tariff was enacted; but the larger effect of Barbosa's policies was the extraordinary increase in credit supply, which had been scarce, in the 1880s: there was a fivefold increase in deposits of commercial banks, between the fourth quarters of 1889 and 1901. The ensuing devaluation of the mil-réis (affected also by unfavourable movements in the balance of payment's capital account), increasing import prices, strongly protected local industries: the average value of the pound sterling in mil-réis was, in round numbers, 10 in 1889-1890, 20 in 1892-93, and 30 in 1899-1900.⁷² Increased protection stimulated investment in local factories, as witnessed by the substantial volume of machinery imports, in the early nineties. This has led some authors, as Fishlow, to put the beginning of the process of import substitution in Brazil in those years; but there are indications that, at least in the case of textiles, investment in this period was made mainly by firms founded in 1870s and 1880s.⁷³

In the first five years of the republican regime, the two presidents were military, intensely nationalistic. Floriano Peixoto, who was in office from 1891 to 1894, made this clear by the forceful way in which he conducted the question of government help to national industries. Some factory owners who had imported machinery in the early nineties were unable to pay for them, with the intense exchange devaluation that followed, and asked for governmental help. In spite of opposition from the Legislature, Floriano authorized the government-controlled Banco da República to issue bonds to be lent to industrialists, to be paid in twenty years with a

⁷¹ RME 1891:294.

⁷² IBGE 1990:535,569-70.

⁷³ Suzigan 1986:app1; Fishlow 1972; Versiani 1980.

low interest rate. The enormous amount of bonus issued in 1893-95 was equivalent to approximately 30% of the average tax revenues of the federal government in those years.⁷⁴

The civilian presidents, after 1894, tended to be noninterventionists, in what concerned industrial activities, as mentioned above. On the other hand, an increasing protectionist tendency could be noted, in the Legislature, possibly a reflex of the growing presence of industrial units in and around the larger cities. Serzedello Correa, a military who had a prominent participation in the republican movement, was a typical and influential defender of industry and protectionism in the Chamber of Deputies, of which he was a member on various occasions, from 1895 to 1912.⁷⁵ A decided nationalist, he maintained that Brazil was still in a colonial condition, from the viewpoint of economic interests. In his frequent articles in the press, he stressed that in a country, as Brazil, where private initiative was still weak, it was the task of the government to promote productive activities, stimulating local industries. Tariffs are the instrument that modern countries use to support national production and labour; it is necessary to increase rates on manufactures, and lower those on raw materials.⁷⁶

Divergent tendencies of the executive and legislative branches of government, as to support to industry, were a mark of this period. The Budget Laws from 1892 onwards increased tariffs for various articles produced locally, and decreased rates for their inputs; but the ministers of finance resisted, and introduced contrary dispositions.⁷⁷ In 1895, the Chamber of Deputies (not the Ministry of Finance, contrary to the established norm) appointed a commission to review the existing tariff. Their report was openly protectionist; they had met various industrialists “to learn the needs of each branch of industry”; accordingly, they proposed protective measures for inclusion in the next budget law. The Chamber of Deputies concurred. Minister Rodrigues

⁷⁴ Topik 1987:chap.5.

⁷⁵ Luz 1961: 73ff.

⁷⁶ Correa 1903:*passim*.

⁷⁷ Versiani 2012.

Alves could only lament such “protectionism without reservations” and the fall in revenues caused by reduced rates on inputs.⁷⁸

But local industry was a reality increasingly present, and politically difficult to ignore. This was made clear when Joaquim Murinho, Minister of Finance in 1898-1902, sent to the Legislature his proposal of a new tariff (which, for the first time, was prepared with no representation of Commercial Associations). Murinho, who conducted in those four years an extremely rigorous program of reduction of government expenses, was, as a social Darwinian, an avowed adversary of protectionism; for him, “existing [Brazilian] industries do not provide any benefit to compensate for the burdens of the protectionist system, loss of revenue and high prices for consumers.” However, he stressed, in his tariff proposal, that as to imports of cotton textiles, “the national product is guaranteed”; only imports of articles “with no similar production in the country” would be allowed.⁷⁹

Murinho adopted also two measures with results contrary to his beliefs. The service of external debt weighted significantly in government expenses, at the time; the great exchange devaluation of the 1890s had caused a serious fiscal crisis. In order to shield government revenues from devaluations, his tariff reform made part of the duties (which were fixed in mil-réis) to be paid in gold. This, of course, also helped to avoid sudden falls in the protective effect of tariffs, in case of devaluations; the 1900 tariff was, consequently, well received by the industrial sector. The second measure was a rise in taxation of local industrial production, in order to decrease the dependence of government revenues on tariffs (which accounted for more than 50% of total revenues, at the time). This had the indirect effect of giving a boost to the power of industrialists to influence government policies, as they were, increasingly,

⁷⁸ Comissão... 1895:3; RMF 1896: 199.

⁷⁹ RMF 1899: 39-40; RMF 1901: 26. On Murinho ideas, Luz 1980.

substantial tax payers: from the first to the third decade of the twentieth century, taxes on industries increased nearly eightfold, while tariff revenue less than tripled.⁸⁰

The 1900 Tariff stirred up protests from commercial interests; industrialists were accused to profit at the expense of consumers.⁸¹ In the succeeding years, various attempts were made to change this situation. The story of those attempts illustrates well the opposing positions of the Executive and the Legislature on the matter, and the increasing force of the interests of industry. Successive ministers of finance sponsored, from 1909 to 1922, a project to lower tariffs, which had, after World War I, the explicit support of President Epitácio Pessoa (1919-1922). The project was never approved; significantly, the deputies representing São Paulo state voted unanimously against it, when it was discussed in a parliamentary committee, in 1919. In the coffee state, industrial interests were now quite strong.⁸²

The 1920s

The 1914-1918 war was advantageous to industry, stimulating demand for local production; increased profits were a stimulus and a source of finance to a marked increase in industrial investment, in the early twenties.⁸³ Industrial production advanced vigorously, in the post-war decade: an average growth rate close to 8% per year, in 1918-1928. A boom in coffee exports, starting in 1924, was probably a factor stimulating demand.⁸⁴

The decade witnessed also a significant change in the attitudes of government in relation to industry. This can be illustrated by the about-face of President Arthur Bernardes (1922-1926) in relation to industrial policy. In the beginning of his period, he defended, as his predecessor

⁸⁰ IBGE 1990:618.

⁸¹ Luz, 196 1:131ff.

⁸² Luz 1961:137-152; Versiani 1987:chap5.

⁸³ Fishlow 1972:320-22.

⁸⁴ Versiani 1987:28.

Pessoa had done, a reduction of import tariffs. But in his final Message to the Legislative, he confessed that he had changed his mind, in the name of *realpolitik*: “Since the State has sponsored and stimulated the establishment of certain industries, even if they do not represent the more convenient employment of national activities, its duty is to defend their existence.”⁸⁵

This was not only a formal statement. Even though some governmental measures had been taken before to stimulate local manufactures, especially under the impression of supply scarcities during the War, they had been isolated episodes. In Bernardes’ period a substantial change occurred: a pattern of incentives to industry was established. Various decrees were enacted, following the same model, with the purpose of stimulating local production of cotton and silk textiles, cement, iron products, fertilizers, coal, rubber. Not much came out of those projects, but they indicate a new attitude: stimulating industrial enterprises was now seen as a normal function of government.⁸⁶

In 1928, São Paulo state industrialists created a new association to defend their interests. In an inaugural speech, Roberto Simonsen, the vice-president, made a forceful defense of industrialization. Industry was the only way to economic independence, a condition for political independence; nations economically weak tended to suffer unfavourable terms of trade (prefiguring a famous ECLA argument). Industry also brings about increases in productivity, a necessary prerequisite for increases in income.⁸⁷ Simonsen was a mix of industrialist, historian and politician, who would be the driving force behind various initiatives favouring the sector, in later years. It can be argued, with Schmitter, that “the industrial class had found a new and dynamic leader and the creator of a persuasive ideology of national independence through industrialization.”⁸⁸

Conclusion

⁸⁵ Quoted in Versiani 1987:75.

⁸⁶ Versiani *ibid.*:86-96.

⁸⁷ Simonsen 1973:53-65.

⁸⁸ Schmitter 1971:147.

A view commonly found among historians is that a free-trade orientation was prevalent in Brazil, in the 1800s, especially in the first half of the century; and this would have influenced, or even determined, economic policy. Bethell and Carvalho, for instance, mentioned, among the reasons why there was no significant industrial development in Brazil until the 1870s, “the prevalence of *laissez-faire* ideas amongst both Brazilian landowners and the merchants of the coastal cities; and the failure of the government in any way to encourage the growth of industry”.⁸⁹ According to this view, tariffs may have favoured local industry, but this would have been a fortuitous side effect. As put by Dean, “High tariffs [...] were largely the inadvertent result of the government’s impecuniousness.”⁹⁰

Colin Lewis argued that the idea that *laissez-faire* dominated the nineteenth century, in Latin America, is simplistic. “Whether due to the strength of inherited Iberian mercantilist traditions, or pressing immediate fiscal and political considerations, government policy was pragmatic and interventionist.”⁹¹

But those ideas do not seem to square with the Brazilian case. The period up to the 1870s was not an age of liberalism, as seen above. And politicians as Alves Branco and Rodrigues Torres tried hard, as ministers, to balance the government budget; but their defence of protectionist policies was not derived only from fiscal worries: they had, to some extent, a conceptual basis for it. It is possible that the same can be said about other official personages of the period.

Some authors have supposed that free trade thinking was dominant among agricultural producers, who would oppose tariff increases.⁹² An assumption perhaps suggested by the well-known opposition to protectionist policies on the part of Southern agricultural producers, in nineteenth-century United States. But, in fact, tariffs were generally viewed, by sugar and coffee producers, as an acceptable form of taxation (“imposed on all classes of society”, not on

⁸⁹ Bethell and Carvalho 1985:724.

⁹⁰ Dean 1986:717.

⁹¹ Lewis 1986:321.

⁹² For instance, Bethell and Carvalho, note 88 above; Graham 1998:320.

“a single class, that of farmers”⁹³). Especially in comparison with undesirable alternatives sometimes proposed at the time (but never adopted), as taxation on rural landed property, or an income tax. Export taxes faced strong protests from Northeastern sugar producers, but not much from Southern coffee planters—probably because the former faced strong competition in the international market, while Brazilian coffee dominated world supply.⁹⁴ Proceedings of two large meetings of agricultural producers, held in 1878 in Recife and Rio de Janeiro, clearly show the divergent positions of sugar and coffee planters as to export taxation, but no worries about tariffs.⁹⁵

In the period after 1870, increasing industrial production increased also the capacity of industrialists to influence policy decisions, particularly through the Legislature. The lobby of importers, many of them turned into industrial producers, gradually lost force. The ideas of Amaro Cavalcanti, Serzedello Correa, Roberto Simonsen and others, sometimes anticipating later *desenvolvimentismo*, gained growing acceptance.

What was the origin of this “proto-developmentalism”? Influence of nineteenth-century writers favouring protection for infant industries, such as List, is sometimes argued; but evidence on this is extremely limited.⁹⁶ Reference to foreign authors, in texts defending protectionist policies, are sometimes found, but suggesting a very superficial comprehension of their ideas; most probably, a mere rhetorical practice. Much more common is an appeal to the example of other countries, especially the United States. Nationalism is probably an element. Right after Independence, as Gilberto Freyre noted, nativistic sentiments were widespread

⁹³ Luz 1961:26, quoting from a parliamentary report of 1869, when a tax increase was being discussed.

⁹⁴ Deveza, 1995; Canabrava, 1995:128-9; Carvalho 1996:245ff; Ridings 2004: 189ff. The fact that the burden of an export tax could be transferred to buyers, given the dominance of coffee in Brazilian exports and the inelasticity of demand for coffee, was perceived at the time: “[the increase carried out in the export tax] will not fall [...] on the exporter, but rather on the foreign consumer.” RMF 1872:75.

⁹⁵ In the Recife Congress, attended mostly by sugar mill owners, protests against export taxes were universal; tariffs were not mentioned. In the Rio Congress, with participants from all coffee-producing regions, the focus was on two main points: demand for credit availability, and worries about labor supply, considering the impending abolition of slavery; taxation was not an issue. Congresso Agrícola do Recife... 1978[1879]; Congresso Agrícola... 1988[1878].

⁹⁶ On the hypothesis of List’s influences, Boianovsky 2013.

(many even discarded their Portuguese family names); later, anti-British feelings predominated, as argued by Bethell and Carvalho, “as Britain stepped up its international crusade to suppress the slave trade”.⁹⁷ Pro-industry writings had frequently a marked nationalistic tone. But the question of the roots of a protectionist thought, in Brazil, is certainly a matter for further research.



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⁹⁷ Freyre 1986[1933]:458; Bethell and Carvalho 1985:746.

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