

Roberto Simonsen and the Brazil-U.S. Trade Agreement of 1935:

economic ideas and political action

*Luiz Felipe Bruzzi Curi**

*Danilo Barolo Martins de Lima***

Keywords

Roberto Simonsen, Adolph Wagner, Karl Rodbertus, U.S.-Brazil Trade Agreement 1935

JEL Classification

B20, B31, N46.

Palavras-chave

Roberto Simonsen, Adolph Wagner, Karl Rodbertus, Tratado Comercial Brasil-EUA 1935

Classificação JEL

B20; B31; N46.

Resumo

Identificamos, neste trabalho, a partir da documentação do debate travado acerca do Tratado Comercial Brasil-Estados Unidos, firmado em 1935, elementos que revelam a especificidade do pensamento econômico de Roberto Simonsen e a sua particular interpretação da história econômica do Brasil. Objetivamos verificar como, numa situação concreta de debate político, Simonsen mobilizou referenciais teóricos diversos, a fim de embasar seus argumentos e como, ao mesmo tempo, tal atuação na arena política teria contribuído para conformar seu pensamento econômico. A apropriação das ideias de dois autores alemães – Adolph Wagner e Karl Rodbertus – são analisadas, a partir das citações feitas por Simonsen e das obras dos respectivos autores. A forma mais consistente de defender interesses econômicos de classe, baseada em economistas internacionais e em excursos históricos bem informados, reveste a participação de Simonsen, no debate parlamentar em torno do Tratado, de um caráter particular, que o diferencia de seus colegas industriais, que faziam uma defesa da indústria mais baseada em argumentos morais.

Abstract

In this paper we identify elements that reveal the specificity of Roberto Simonsen's economic thought and his singular interpretation of Brazilian economic history, based on documents related to the debate held in Congress when the Brazil-U.S. Trade Agreement was signed, in 1935. We have verified how in a concrete political struggle Simonsen used diverse theoretical references in order to support his arguments and how at the same time this participation in the political scene contributed to the formation of his economic thought. Simonsen's appropriation of the ideas of two German authors, namely Adolph Wagner and Karl Rodbertus, is analyzed by means of the study of Simonsen's quotations and of the works of the authors themselves. Simonsen's participation in the debates around the Trade Agreement is of a particular character, because of the consistent manner in which he defended class interests, resorting to the works of international economists and to well-informed historical digressions. This differentiates Simonsen from other industrialists, his colleagues, who defended industry based on moral arguments.

.....
*PhD candidate in Economic History, Universidade de São Paulo (USP), São Paulo, SP.

** PhD candidate in History, Freie Universität Berlin, Berlin, Germany.

1 Introduction

When we set out to study the economic thought of a “practical intellectual” such as Roberto Simonsen (1889-1948), we need to take into consideration, not only his written works, but also the multiple dimensions of his participation in the public sphere. Simonsen acted as a leader of industrial class associations, such as the Center for Brazilian Industries [*Centro das Indústrias do Brasil*] (CIB) and the Federation of Industries of the State of São Paulo [*Federação das Indústrias do Estado de São Paulo*] (FIESP), he was professor at the Free School for Sociology and Politics [*Escola Livre de Sociologia e Política*] of São Paulo, participated in governmental councils and institutions and was also active as a class-representative of the industrial employers in the Brazilian Congress, during the constitutional period of the Vargas administration (1934-1937).

This last aspect of Simonsen’s life is one of the less well-studied, especially in what concerns the relations between his role as a congressman and the formation of his own economic thought in this short though fertile period of Brazilian republican history. In the various debates in which he took part, as a class-representative in the Chamber of Deputies of the Brazilian Congress, Simonsen brought with him the contents of his readings and researches in economic theory and economic history. At the same time, political experiences contributed to refine his ideas and arguments in favor of State-led industrialization.

One of those decisive moments, in which Simonsen publicly presented his ideas, was the debate surrounding the ratification of the Trade Agreement between Brazil and the United States signed in February 1935. This Agreement was seen by Brazilian industrial leaders as harmful to the interests of national industry, since it

consisted of a free-trade treaty, which encompassed tariff reductions for goods imported from the U.S., especially manufactured goods.

As a representative of the industrial class in Congress, Simonsen was one of the main participants in this debate, asserting his position firmly, with recourse to his theoretical background. He intended to demonstrate with arguments of “scientific nature” that the so-called “national interests” – which he attempted to identify with those of national industry – would be threatened by the Agreement. In his speeches in the floor of the Chamber of Deputies, especially on September 9th, 10th and 11th 1935, it is possible to perceive elements of his economic thought, among which influences of nationalist ideas of German lineage.

The analysis of those influences can help to understand the process of international diffusion of economic ideas, which is a valuable procedure in the effort to construct a history of Brazilian economic thought. This sort of historical approach presupposes that we apprehend economic thought in a perspective that is distinct from a “history of economic analysis” in a Schumpeterian sense (SCHUMPETER, 1981 [1954]): rather than the analytical aspects, what matters here is the study of economic ideas as related to concrete political and ideological conflicts. In the case of the study of Roberto Simonsen’s economic thought, forged by multiple references and amidst political debates inside FIESP, the Chamber of Deputies and in Federal Technical Advisory Councils, such a perspective has proved to have a rich potential.¹

José Luís Cardoso presents three fundamental attributes that justify the study of the international diffusion of ideas. The first would be a deeper

understanding of the internationally appropriated ideas of an author: the selective reading in foreign countries, the objectives implied when the author is referred to, the use of his or her recommendations and prescriptions in economic policy – all this broadens the knowledge about a given author's thought. Secondly, the study of the dissemination of ideas allows for a review and a clarification of the relationship between predecessors and followers, relativizing the aura of "pioneers" or "inventors" and enabling us to identify contexts favorable to the development of specific ideas. Lastly, it leads to a possibility of better evaluating the importance and the impacts of heterodox schools of thought in recipient countries, calling into question the sometimes rigid schemes of classification of thinkers. All those attributes can be understood as a means of constructing national histories of economic thought (CARDOSO, 2003 and 2009).

In his comparative study of the theories of underdevelopment in Rumania and Brazil, Joseph Love states that as we apply this sort of approach, focused on the international diffusion of ideas, the least important is to try to establish a direct link between the ideas in two different countries. According to him, there are three noteworthy processes in such studies: the borrowing of original ideas from elsewhere, their adaptation and transformation in different places and the independent creation or re-creation of propositions originated in other time or place. Commonly, there is a lot of debate about the question of whether it is right to say that some idea was really taken from somewhere else, neglecting the process of re-creation and rediscovery of an idea in different contexts (LOVE, 1996).

Such a research perspective prompts the usage of sources not often consulted so far in studies dealing with Simonsen's economic thought. Sources such as books

that circulated in his time whose contents, as many traces of evidence indicate, were appropriated by him. We are able to track such texts either by means of textual quotations, sometimes in the form of a simple reference to the name of an author, or through the identification of more general intellectual and theoretical affinities among thinkers and lineages of thought. In fact a combination of those two types of evidence often produces the most interesting results.

Rather than trying to determine categorically the analytical origins or the direct influences which conform an author's thought, the sort of study presented here can suggest the insertion of a thinker in a given field of ideas or intellectual environment, illuminating how he mobilizes concepts. By employing concepts taken from two German authors – Rodbertus and Wagner – in a concrete situation, so as to incorporate them into his own arguments, Simonsen gave those ideas new connotations and simultaneously linked his position, at least in that particular context, to the tradition represented by them.

2_Roberto Simonsen: an industrialist between history and economics

Roberto Simonsen is recognized as an important name in the history of economic thought in Brazil, being central to the theoretical lineages known in Latin America as "developmentalist".² Having graduated in engineering at the São Paulo Polytechnical School [*Escola Politécnica de São Paulo*] (1909), he started his career in his building company in the city of Santos, the busiest port of Brazil at the time, located in the state of São Paulo. His activities as an entrepreneur soon diversified, as he engaged in business enterprises involving the production of pottery and liquid fuels, as well as the management of import

and export transactions. In the 1920s Simonsen gained public reputation as a leader of industrial capitalists in the state of São Paulo. With the support of his fellow industrialists, Simonsen founded the Center for the Industries of the State of São Paulo [*Centro das Indústrias do Estado de São Paulo*, CIESP] (1928), from which derived the Federation of Industries of the State of São Paulo-FIESP, the powerful employers' association which thenceforward has represented the largest industrial conglomerate of Brazil.

Simonsen left an intellectual legacy related to economics and to economic history, in addition to some technical writings in the field of engineering. He wrote various texts about Brazilian economic history, emphasizing the role to be played by industry in overcoming economic backwardness in Brazil and associating the expansion of industrial activities with the idea of national progress. In the domain of economics, he had manifold international influences. As an advocate of protectionism Simonsen adopted the theory of international trade proposed by the Rumanian economist Mihail Manoilescu and sponsored the diffusion of his theory in Brazil, commissioning the translation of Manoilescu's book into Portuguese in 1931. He was also an enthusiast of economic planning, having engaged in a public discussion with Eugênio Gudin, the most prominent liberal economist in Brazil at the time. This episode that took place in 1944-45 resulted in an exchange of reports that was published as the "controversy on economic planning" and became an important reference point in the history of Brazilian economic thought.³

As a historian, Simonsen laid part of the groundwork for Brazilian economic historiography when he published *Economic history of Brazil* [*História econômica do Brasil*] (1937), actually the lectures he gave on this subject

at the Free School for Sociology and Politics [*Escola Livre de Sociologia e Política*], in São Paulo. This work consolidated the cyclical approach to Brazilian history, which regarded the economic cycles of Brazilian agro-exporting economy – based on commodities such as brazil wood, sugar cane, gold, coffee – as sources of very ephemeral wealth, incapable of sustaining the growth of an economically vigorous and politically unified nation. This interpretation has been long-lasting in Brazilian historiography, spawning lively debates until the present day.⁴

Roberto Simonsen's parliamentary interventions took place during the Constituent Assembly of 1933-34 and during Getúlio Vargas' constitutional government, which lasted from 1934 until the *coup d'état* that introduced the authoritarian regime known as *Estado Novo* in 1937. He was elected a class-representative for the industrialists from the state of São Paulo, in the corporatist political framework that prevailed at the time. When Brazil returned to a democratic regime with the overthrow of Vargas' dictatorship, Simonsen was elected senator for São Paulo (1947), as a member of the Social Democratic Party (PSD). He exercised his senatorial office until his passing in 1948. In this paper we focus on a specific moment in Simonsen's parliamentary life: the speech he delivered in the Chamber of Deputies in September 1935, so as to criticize the Free Trade Agreement with the United States, which was about to be ratified.

3_The 1935 Trade Agreement: history and historiography

The international economic scenario in the first half of the 1930s was marked by the turbulence of the Great Depression. There was a strong contraction of liquidity

in the world market and a notable decrease in trade and financial flows. The crisis also revealed changes in the framework of the world economy. Countries that were dominant before, like England, experienced a relative decline, while others, such as Germany, which was recovering from a serious crisis after the World War I, began to emerge as important players in international trade (ABREU, 1990, p. 73).⁵

Germany in particular began competing for new or unexplored markets, seeking to obtain clearance trade agreements.⁶ This policy was vehemently opposed by the efforts of U.S. foreign policy, which, in this context, sought to establish trade agreements with Brazil and several other countries, guided by the “most favored nation clause”,⁷ in order to ensure its economic and political dominance in those markets that were considered strategic to American interests.

This was also a critical moment for the Brazilian economy in particular. The global economic crisis and the Depression of the 1930s coincided with the aggravation of a crisis in the coffee-producing economy, which had started in the previous decade. The external shock on the Brazilian economy affected the balance of payments mainly through a sharp fall in export prices (not offset by increased export volume) and through the interruption of foreign capital inflows. There was a substantial decline in national income, yet relatively mitigated by the effects of coffee valorization policies and the favorable performance of the emerging domestic industry (ABREU, 1990, p. 74).

Such an economic imbalance occurred in parallel with important political transformations that were not restricted to Brazil, but rather global phenomena, as was the case of many regime shifts in several countries, such as the rise of fascism in Europe and of authoritarian

regimes in Latin America.⁸ The Brazilian Revolution of 1930 opened up new possibilities for change, as it represented a fracture in the hegemonic position of the coffee oligarchy, allowing for a new political arrangement, in which no dominant sector possessed the requirements to immediately establish its prominence. The early years of the 1930s were of great instability, with different projects disputing the guidance of national economic policies (CORSI, 2006, pp. 46-47).

It was against this historical background that the United States took the initiative, in 1933, to start negotiations for a bilateral trade agreement with Brazil, based on the most favored nation clause. The expected concessions from the Brazilian side included the reduction of import duties on an extensive list of products, including durable industrial consumer goods. The United States, on the other hand, would keep coffee on the list of products exempt from taxation, and grant tariff reductions for some items, mostly primary goods.⁹

The Brazilian government initially did not show great interest in signing the Agreement, but eventually gave in to U.S. pressure. In order to obtain the concessions demanded, the U.S. Department of State threatened to impose unilateral restrictions of trade to Brazil and to establish a tax on Brazilian coffee (ABREU, 1990, p. 74). The Agreement was negotiated in secrecy by the plenipotentiary representative of Brazil in Washington, Ambassador Oswaldo Aranha, and the U.S. Secretary of State, Cordell Hull, and it was signed on February 2nd 1935.

According to the Brazilian Constitution of 1934, once signed, the Agreement would have to be ratified by Congress to take effect. As the Brazilian government fell under pressure from the U.S. State Department for the Treaty to be quickly approved, the Agreement had to be publicly revealed. The process of its parliamentary

ratification then provoked a broad and heated public debate in the press, in the Chamber of Deputies, in class-based associations as well as within the State and its organs.

The debate in question was a conflict between the advocates of trade liberalization and the proponents of protectionist policies, thus resulting in the articulation of interest groups that took their stances based on class interests and on interests of other nature, which became more clearly defined in the course of the debate itself. It also led to the formulation of divergent and antagonistic national projects which were then brought to public attention. After a long impasse, the direct action of President Getúlio Vargas himself pressuring the opposing industrial leaders was necessary to obtain the ratification of the Agreement, which happened on December 24th, 1935.

The historiography that has dealt with the 1935 Trade Agreement has its starting point in an article by D'Araújo and Moura (1978). Based on documents related to the debate in Congress, the authors focused primarily on the actions of the industrial class, which was against the ratification of the agreement. The central thesis is that the debate about the Treaty would have served as "(...) an instrument to denounce the government's arbitrary actions and the excessive control by Vargas of the information and decisions that were taken" (D'ARAÚJO & MOURA, 1978, p.70). This debate is also characterized by the authors as an episode that evidenced the political articulation of industrial leaders around their specific class interests, coupled with nationalist positions.

To Leopoldi (2000), the Agreement was designed to essentially meet the coffee sector interests. However, such a "short-term defeat" of industrial interests served to consolidate the positions of the industrialist leaders in Congress, making their discourse more solid, as well as

enhancing their involvement with foreign trade matters and their articulations with nationalism (LEOPOLDI, 2000, pp. 93-152). The Agreement was rejected by the representatives of industry in Congress, due to its marked free-trade orientation and to the concessions to manufactured products to be imported from the United States.

According to Moura (1980), the Agreement appears as one of the events that tested the principle of "pragmatic equidistance" in the conduct of Brazilian foreign policy. The opposition of internal interests (agriculture and agro-exporting trade on one side versus domestic industry on the other) and external (U.S. and Germany) was here translated into two fundamental types of trade policies, the so-called "protected trade" and free trade, which have become poles of a general controversy (MOURA, 1980, p. 69). Conforming to him, most of the mentors of federal economic policy and advocates of the agro-exporting economy shared a classical liberal thought.

The Agreement represented to Leme (1976, p. 296) a moment in which the State positioned itself in complete opposition to what was then advocated by Brazilian industrialists and notably by Roberto Simonsen. By that time, industry leaders had come to a set of general guidelines for foreign trade. They aimed at overcoming economic backwardness and financial dependence on the "rich countries", through the pursuit of progress and rationalization of agricultural production and the protection and development of domestic markets for the developing industry.

In disagreement with previous studies, Fonseca (2003, p. 141) sees the Agreement of 1935 as an example of government support given to the industrial sector in order to encourage the import of capital goods. The author acknowledges that some industrial leaders

opposed the Agreement because it would open the Brazilian market for the entry of certain consumer goods, but stresses the alleged intention attributed to the government, of promoting the country's industrialization through import of intermediate capital goods.

Some aspects of the interpretations in the literature on the Agreement deserve to be re-evaluated. Recent research has shown that the alleged opposition between industry and “interests of the agro-exporting sector”, commonly found in the historiography to describe and explain the episode, does not hold, at least in this simplified manner. Indeed, the defense of the Agreement in the debate hardly involved the participation of individuals that could be identified as “representatives” of class factions linked to agro-exporting activities. On the contrary, such a defense was carried out by members of the State bureaucracy, which has led to a challenge of the views established in historiography and to the search for a more concrete definition about the complex character of the real interests at stake in this context (MARTINS DE LIMA, 2013).

For what really concerns us in the present paper, we postulate that the views expressed by industrial leaders in the 1935 debate, with Simonsen as a leading figure, were embedded in a broader effort to build a hegemonic consensus around the necessity of State-led industrialization in Brazil, in order to ensure the overcoming of the global economic crisis and general economic modernization and future growth. Such an effort would also contribute to the constitution of what Bielschowsky (2000) termed the ideological cycle of “developmentalism”, whose intellectual and theoretical foundations relied on Simonsen's pioneering contributions and those of other intellectuals from the 1920s and 1930s.

4_Roberto Simonsen's speech in 1935

Roberto Simonsen's speech, delivered at the Brazilian Chamber of Deputies on September 11th 1935, is a defense of protectionism: he was clearly against the recognition of the United States as a privileged trade partner, by means of the most favored nation clause to be included in the Agreement.¹⁰ He identified himself politically as a “nonpartisan” defending the interests of national production, having been chosen as an independent candidate representing the industrial associations from the state of São Paulo. The general tone of the speech was given by the idea that a free trade policy was inappropriate to Brazil, protection should be adopted instead.

But the experience of more than a century is there to demonstrate that if political liberalism determines the equality of the political rights of all the individuals within the same country and the observance of the political rights of the nation itself, the free trade idea signifies the predominance of the strongest and of the best organized in economic matters, which means to say, to be quite candid, that it can bring individuals and countries almost to economic slavery.

(SIMONSEN, 1935, p. 8)

In economic matters, Simonsen stated that he was attached to the “realistic school”:

I always seek, anxious to understand, to study the connections between scientific notions as expounded by scholars and the actual environment in which we live

(SIMONSEN, 1935, P. 6).

Simonsen's discursive strategy was to seek support in history for his argument that free trade favors wealthy countries, being thus harmful to those that are economically backward. He affirmed that, despite the beautiful pages they had written, Adam Smith and most cultivators of classical liberalism had failed to predict the shape that the "free trade economy" would take in the age of large means of transportation, serial production processes and modern methods of business rationalization.

Simonsen mentioned theorists, such as Karl Rodbertus, who had "rendered more accurate" the Smithian idea that division of labor fosters "commercial expansion". According to Simonsen, Rodbertus had attempted to highlight the social aspect of the division of labor, regarding it as the organic ground for States. In that sense, Rodbertus had also emphasized the historical formation of States and the paramount role they would play in strengthening social rights. Criticizing further the free trade doctrine, Simonsen praised Friedrich List and his followers who associated the idea of national economy to "the very existence of nations, distinct entities, resulting from a determined process of historical formation" (SIMONSEN, 1935, p. 9). Free trade would not contribute to the development of the "national economy", a concept that Simonsen ascribed to Adolph Wagner, who was said to have coined the idea in the book *Fundamentals of Political Economy*.

These three German authors constitute a very diverse and interesting set of influences, which may give some indication about the paths pursued by Simonsen in order to seek the foundations for his protectionist arguments. As the influence of Friedrich List's *National System of Political Economy* on the economic thought of Brazilian industrialists such as Simonsen is relatively known,¹¹ we

shall emphasize the assimilation of the two other thinkers mentioned: Karl Rodbertus and Adolph Wagner.

4.1 Rodbertus and Wagner: German influences

The German economist Johan Karl Rodbertus (1805-1875) has been associated to the defense of a "State socialism", even though he was in favor of the Prussian monarchy and refused the immediate abolition of private property. His main contributions to political economy were related to the theory of land rent and to topics such as poverty and crises of under consumption. The key economic policy recommended by Rodbertus was the elimination of cyclical crises of underconsumption by means of income distribution. Professionally a magistrate, Rodbertus bought a farm in the northeastern German region of Pomerania, where he devoted himself to studies in economics and to the management of his local businesses. Between 1848 and 1849, he played an active role in politics: after being elected a deputy in the Prussian parliament, he was Minister of Cultural Affairs and Public Instruction for one month. An enthusiast of German unification, he had a long-lasting correspondence with the famous social-democratic leader Ferdinand Lassalle.¹²

Schumpeter lists three works by Rodbertus, which he considers to be the most relevant ones: *Zur Erklärung unserer staatswirtschaftlicher Zustände* ("Towards an explanation of our state-economic conditions", 1842), *Sociale Briefe an von Kirchmann* ("Social letters to von Kirchman", 1850-51, translated into English in 1898 with the title *Overproduction and crises*) e *Zur Erklärung und Abhülfe der heutigen Creditnoth des Grundbesitzes* ("Towards an explanation and solution of the current credit problem of landed property", 1868-69). From this set

of writings, one is particularly relevant for our purposes: the letters to von Kirchmann, as they certainly circulated in early 20th-century Brazil, but probably not in the English translation of 1898. In 1899 Adolph Wagner and Teophil Kozak published a separate edition of the fourth letter to von Kirchmann in Berlin, titled *Das Kapital*. This edition was in turn translated into French (*Le capital*) and reprinted in 1904 by the renowned Parisian publishers “Giard & Brière”. The translation eventually reached Brazil, as attested by the presence of an exemplar in the library of the São Paulo Law School.¹³

The theory of “commercial crises” (*Handelskrisen*), sketched by Rodbertus (1971 [1854], pp. 38-39) in his contention with Kirchmann, constitutes one of the most relevant contents of this book. It is a theoretical framework which places particular emphasis on the behavior of wages, proposing in the end a redistributive solution. Kirchmann supposedly saw overproduction crises – situations in which the population endures scarcity, while capitalists accumulate stocks – as a consequence of the avarice of employers, who would not equitably share the “returns to capital” (*Kapitalzins*), because they would pay extremely low wages. Rodbertus challenged this idea, attributing the cause of such crises to a disruptive tendency inherent to the free market economy.

Our commercial crises, in a word, are not the fault of one social class, but rather an intrinsic problem, immutable in a circulation left to its own fate. Crises are the paroxysm of the failure that stands out in the current economic organization: productivity can grow at any rate, while the shares of national output corresponding to wages tend to decrease. (RODBERTUS, 1971 [1854], p. 63)

According to Rodbertus, economic crises derive from the fact that the share of wages in national income decreases over time, as capitalism develops. This would make the mass of proletarians unable to consume the output of their own labor, which would result in a situation of overproduction and under consumption, followed by the accumulation of unsellable stocks.

In current conditions, i.e. given the expansion of the free trade principle to the determination of the wage rate and provided that productivity is increasing, is the wages share in income stable? Given this order – or disorder – of things, does not the share pertaining to the largest part of society, the laboring class, decline, as productivity grows?
(RODBERTUS, 1971 [1854], p. 58)

The fact that productivity grows while the wage share declines is ascribed to the “expansion of the free market principle” to wage bargaining. In other words, if there is a free labor market, capitalists would pay the lowest wages possible. The solution to this problem would include redistributive policies that should make the wages share in output increase proportionally to the productivity of labor, which tends to increase continually. The State would play an important role in this redistribution. Simonsen attributed to Rodbertus an important revision of Smithian economics, as he recognized the State as an important aspect of the social division of labor.

Rodbertus, resuming the study of the division of labor, which, according to the theory of the classics, constitutes the basis for commercial expansion, placed this great conception of Adam Smith in its proper terms, in an

endeavor to emphasize its social aspect, the organic basis of States, their process of historical formation and the preponderant part which was reserved to them in the exercise of social rights. (SIMONSEN, 1935, pp. 8-9)

It is important to underline that Simonsen read Rodbertus rather selectively. Although Simonsen emphasized the fundamental role played by the State in the promotion of social rights, he did not support the idea that income redistribution should be a priority of economic policy. On the contrary, for him the Gordian knot of the Brazilian economy was the very low quantum of wealth generated – and not the unfair distribution of this wealth.¹⁴

According to Schumpeter, Rodbertus' works experienced a revival in the last two decades of the 19th century because of the strong support given to them by Adolph Wagner, another German author quoted by Simonsen in his speech. Indeed, as the recompilation published in 1971 shows, some of Rodbertus' writings were re-edited by Wagner in the 1890s.¹⁵ In his *Grundlegung*, Wagner cited Rodbertus many times, making particularly favorable references in the sections in which he developed his concept of national economy.

Simonsen praised Rodbertus for a correct approach to the Smithian principle of the division of labor, including the State in the scheme, as a promoter of social rights. Wagner in turn appeared in his speech as the economist who had the best definition of the idea of “national economics”, understood here as the science devoted to the study of the national economy: “It was Adolph Wagner in his ‘Fundamentals of Political Economy’ who first and best established the conception of national economics, of national capital, of national income”. (SIMONSEN, 1935, p. 9)

Adolph Wagner (1835-1917), a German economist, was part of the group that became known as “socialism of the Chair” (*Kathedersozialismus*), composed, according to Schumpeter, by politicians and progressive intellectuals, who advocated social reform and denounced the tendencies that hindered it. As Gustav Schmoller, Wagner participated in the *Verein für Sozialpolitik* (Society for Social Policy), an association that gathered the most important economists in Bismarckian Germany. Though members of the same institution, the relationship between Wagner and Schmoller, the leader of the second generation of the German Historical School, was not marked by intellectual agreement. Wagner was more prone to theorization than his historicist colleagues. Monetary theory and public finance were the fields in which Wagner became an international authority. His most relevant work, from a theoretical point of view, was the *Grundlegung der politischen Oekonomie* [*Fundamentals of political economy*], published for the first time in 1876.¹⁶

This book received a French translation in 1909 [*Les fondements de l'économie politique*], which eventually reached Brazil. It is worth remembering that French was a language of international scientific communication at the time: a significant part of the foreign economic literature appropriated by Simonsen and his contemporaries circulated in Brazil in French editions. Furthermore, both Wagner's *Grundlegung* and Rodbertus' *Kapital* were edited in France by the publishers V. Girard & E. Brière, who played an important role in the dissemination of international economic literature in early 20th-century Brazil.¹⁷ Even though Simonsen did not scrutinize Wagner's writings analytically in his speech, he did mention Wagner's name and referred to the concept of national economy, central to Wagner,

in order to strengthen his opposition to the Free Trade Agreement of 1935.

The idea of national economy, as Wagner conceived it, was embedded in a theoretical line of argumentation conducive to qualifications of the free trade principle and to the recognition of protectionism as an important category. Book III of the *Grundlegung* was dedicated to the topic “Economy and national economy”. The definitions presented by Wagner may help to understand the appropriation of the concept by Simonsen in the speech delivered in 1935.

[The national economy] is the set, considered as closed totality, of the individual, independent economies articulated by labor and related to each other, according to a regulation established by law (economic and administrative law). This articulation is possible within a people organized in a state (or confederation) or within an economic dominion resulting from rules established at the level of States (“Zollverein”): it is an organic combination and not merely a mechanical juxtaposition of individual economies. (WAGNER, 1909 [1876], pp. 14-15)

Following this definition, Wagner sketched a typology of the development of these national economies. The formation of a national economy would be concluded after a human group had gone through successive evolutionary stages: race, kind (*gens*, in French), tribe and, at the end, nation (*Volk*, in German in the French edition). In these stages prior to nation, the national economy existed only in embryonic form: it begins to exist in fact when “personal relations are replaced by economic ones”. (WAGNER, 1909 [1876], p. 20).

Wagner recognized that, because of the differences in the natural constitution of countries, there is an international division of labor based on nature and that from this fact one could derive arguments favorable to free trade. He mentioned furthermore that in the *National System* Friedrich List had registered the advantages of the exchange of commodities between temperate zones and the tropics. Wagner (1909 [1876], p. 33-34) stated, however, that the thesis that free trade is a natural necessity is sometimes exaggerated. The expansion of “useful plants” and domestic animals by human civilization through many different countries across the globe was, according to Wagner, a proof that natural factors are not the absolute determinants of the kind of economic activity carried out in each country.

International trade of mineral ores was another niche of the international market in which climatic aspects were not so central as it could be imagined. According to Wagner (1909 [1876], pp. 35-36), the circulation of carbon derivatives and metals did not depend only on the geographical availability of these resources, but was rather a result of the access to technical improvements, of the national legislations and their enforcement. This way, the international market for mineral ores would be more subject to historical movements, reflected in the adequacy of the techniques employed, than the market for goods produced in conformity with the “climatic monopoly”, i.e. those commodities requiring very specific natural conditions to be produced.

Wagner also dealt with the differences in the stage of economic development among nations as possible causes for international trade to be advantageous. The disparities of development levels – different nations could be in distinct “typical phases” of economic evolution – could be rooted in natural factors, as well

in the typical characters of populations (cultural or racial aspects). These international dissimilarities could result in “natural” and relatively persistent trends in international trade. However, this circulation of goods was also subject to significant historical movements. As Wagner argued, the development of a foreign economy could result in hindrances for the development of another economy, domestically. These domestic regressions could be concealed by increases in the absolute volume of international trade, caused by improvements in transportation, for example. The historical cases mentioned by Wagner were North America after the Civil War and Europe after the shift towards protectionism (tariffs on agricultural imports), by the end of the 19th century.

Wagner’s point was to qualify the idea that the different characteristics of nations would necessarily be an engine for the growth of the world economy, by means of the expansion of international trade. If, as it happened in the mentioned cases, the differences and conflicts among distinct nations resulted in protectionist measures being adopted, there would be actually no gains coming from international trade, even though improved means of transportation gave the impression of a more integrated, hence more prosperous, world economy.

Radical free trade theory does not give due consideration, in its attempt to defend the absolute justice of free exchange policies for every country and at every moment, to the purely relative character of the justifications for the existence of a universal [commercially integrated] economy, based on the different levels of development of national economies.

(WAGNER, 1909 [1876], p. 37)

An important fact presented by Wagner, which also challenges the idea that commercial integration among different countries is necessarily positive, was the existence of continental domestic economies. In this sense, trade between England and certain parts of the United States could be equivalent to territorial exchanges between Massachusetts and Iowa. The globally positive character of international trade, as assumed by *laissez faire* ideology, had to be questioned, according to Wagner: the Napoleonic system of trade treaties, for example, was certainly more favorable to France than to the rest of Europe.

The separation between producer and consumer, the dependency on foreign political factors (as in the case of the cotton famine in England, a result of the American Civil War), the danger of external dependency on strategic items such as staple foods, the uncertainty involved in transporting goods in international waters or across foreign countries, the replacement of traditional industries by exporting sectors (as in the case of ancient Asian civilizations) – all these aspects were conducive to considerations about the eventual harmful effects of international commercial integration. Moreover, economies too dependent on their trade balance would have to settle imbalances by practicing more competitive prices, obtained by means of lower wages. This would harm the purchasing power of domestic masses.

Wagner concluded his reasoning about the national economy with the distinction between the national and the cosmopolitan points of view. The ways to address economic and social issues – such as trade, the military, the labor question, industrial and agricultural development – would vary, according to the point of view adopted. But in the end the national aspects should prevail. In Wagner’s words:

Physiocratic-Smithian economics tends too much to a cosmopolitan conception, whereas mercantilist-protectionist economics sometimes exaggerates the national point of view. Yet in principle and ultimately the latter is more correct (WAGNER, 1909 [1876], P. 39).

Wagner's conceptualization of economics in the *Grundlegung* gave preference to national interests, when these collide with cosmopolitan ones. Rodbertus' theory of crises, sketched in his letter to Kirchmann later published as *Le Capital*, was based on the idea that a deregulated capitalist economy would cause the relative share of wages in national income to decline, which, given a rising productivity, would engender overproduction and underconsumption.

It is not possible to state that in his speech Simonsen intended to derive all the theoretical and analytical and practical implications of the ideas developed by Rodbertus and Wagner, so as to conceptualize, as they did, overproduction crises and the national economy. Nevertheless, both concepts are embedded in lines of theoretical reasoning rather coherent with Simonsen's purposes in the parliamentary speech of 1935.

Certainly, in his speech Simonsen intended to convey contents which were not exactly equivalent to those implied by Rodbertus and Wagner: the target audience of each author and the contexts in which each text was produced were very different. But Simonsen did use the concepts present in the works of these economists, mentioning their names at the beginning of his speech, where he exposed his theoretical and ideological affinities. This appropriation, described in its specificity, helps to understand the kind of economic thinking developed by Roberto Simonsen and to shed light on some

particularities of the dissemination of economic ideas in the 1930s, in Brazil.

4.2 Roberto Simonsen's appropriations:

the organization of production and nationalism

Rather than follower of a specific tradition of economic thought, Simonsen was a thinker of multiple references. He began his professional career very close to the ideas of Frederick Taylor in the field of scientific administration and gradually moved toward protectionist conceptions such as List's and Manoilescu's in the 1920s and 1930s. As a founding member of the Free School for Sociology and Politics, he was in contact with American sociologists. His important book, *Economic history of Brazil* (1937), contained a wide range of intellectual references, among which the Portuguese historian João Lúcio de Azevedo, who inspired the interpretation of Brazilian economic history in terms of the cycles of exported primary commodities.

In order to produce the reports that integrate the "controversy on economic planning" (1944-45) Simonsen came closer to a literature directly related to economic planning, in order to respond to the criticism presented by his interlocutor in the discussion, the liberal economist Eugênio Gudín. In the various political and intellectual contexts in which he was involved, Simonsen searched for diversified references, forging an economic thought that, far from containing a unified analytical proposition, was rather a set of insights about the Brazilian economy and Brazilian economic history, based on a plurality of theoretical inspirations. The debate about the Agreement of 1935 was one of these moments in which Simonsen sought for theoretical foundations: in this case, they should give support to an exposition about commercial policy.

Accordingly, it is interesting to indicate some of the possible reasons for the inclusion of Rodbertus and Wagner among the references mentioned by Simonsen in the speech. In the case of Rodbertus, the main element highlighted by Simonsen is the disruptive nature of the free market, which should not be abolished, but regulated by the State. In Rodbertus' scheme capitalists are not to blame for economic crises, these being a result of an important dysfunction of the free market, capitalist economy: productivity grows, as the wage share in output declines. This idea reinforced Simonsen's argument that the free market (at international level) was not necessarily beneficial: it might be harmful, as he implied in the speech, to the development of the Brazilian industrial sector.

Adolph Wagner, in turn, gave preference to the "national point of view" over the "cosmopolitan" one. Similarly, Simonsen intended to show that, in Brazilian policymaking related to international trade, national interests should prevail – and he saw these as identical to the interests of Brazil's nascent industry. He sought to reveal in his parliamentary address that many developed countries, such as the United States, had adopted protectionist measures, having defended their national industrial production, when this was convenient. Moreover, Wagner formulated a typology of economic development in which the most civilized phase corresponded to a stage of national unification and economic integration. By the same token, Roberto Simonsen viewed the establishment of a national institutional framework as a prerequisite of economic development.

The inclusion of references to these German authors approximates Simonsen's reasoning of a lineage of economic thought coherent with his arguments, due to

the critique of the free market principle and to the positive assessment of the nationalist point of view, in opposition to the cosmopolitan one. The presence of these thinkers as authorities legitimizing Simonsen's speech may be an indication that he was in tune with the German traditions of economic thought, incorporating elements of historicism, nationalism and social reformism.

Roberto Simonsen resorted to German authors in other opportunities. In 1931, in a speech delivered at the Mackenzie College, in São Paulo, he presented himself as a follower of Friedrich List's protectionism, and in his book *Economic history of Brazil* (1937) he referred to arguments developed by Gustav Schmoller. German traditions of economic thought were not the only source of inspiration for Simonsen, as he was influenced by various intellectual tendencies, but they played an important role in his thinking, the parliamentary address of 1935 being an example of this.

Now turning to some particular arguments presented by Simonsen in the speech, an important point was the connection between foreign trade and international capital. He considered the presence of external capital in Brazil to be inevitable, given the historical scarcity of national capital. In addition, foreign capital had, according to him, brought a considerable impulse to the country's economic progress. The problem was that this foreign investment resulted in ever growing remittances, which had to be covered with enduring balance of trade surpluses. The eventual decrease of these positive results, historically attached to the cyclical sales of the primary commodities Brazil exported, would cause the flow of foreign capital to cease.

Brazil was not, according to Simonsen, responsible for these difficulties to pay for foreign capital: the

problem derived from international markets that failed to absorb Brazilian exports. This way, the interests of foreign capital invested in Brazil were not to be taken as an excuse for the imposition of directives concerning the negotiation of trade agreements. To sum up, in his words: “Our problem results from the impossibility of transferring abroad any remuneration or income, given the form which national economic evolution took.” (SIMONSEN, 1935, pp. 17-18).

The solution for this problem did not consist for Simonsen in defaulting on foreign debt. Brazil had defaulted on its foreign debt in 1931, when the global economic crisis affected coffee exports and the new government of President Vargas decided for nonpayment. In 1934 Oswaldo Aranha, then Finance Minister, negotiated a scheme with international creditors, envisaging the partial resumption of payments: Simonsen was overtly in favor of this amortization system. Moreover, he proposed in the 1935 speech a strategy to tackle the Brazilian difficulties to remunerate foreign investment. It involved the creation of a “National Institute of Exportation”, which would organize payments to international creditors, based on the magnitude of surpluses in the balance of trade. The idea was to guarantee the continuous generation of foreign currency to reimburse commitments, even though the amount generated could oscillate.

The general intention was to keep the benefits to Brazilian economic development derived from foreign capital, by means of an institute associated to the Ministries of Agriculture and of Labor, which would regulate foreign payments. In this scheme, imports would flow into the country only if the corresponding amount of foreign currency were previously available. A ranking of priorities for imports should be introduced,

the first items being: inputs for industry, wheat, fuels, pharmaceuticals and “the elements necessary for our economic machinery” (SIMONSEN, 1935, p. 22). Policies envisaging the increase in exports should also be adopted, but not the approval of a Free Trade Agreement such as the one in question: the measures should be directed to the organization of production and its protection.

Agriculture and industry were seen as complementary: “having put our agricultural production on a rational basis, we should, so far as concerns industry, follow a frankly protective policy” (SIMONSEN, 1935, p. 33). The justification for protectionism was given by the structural necessity of industrialization, which, according to Simonsen, characterized the Brazilian economy at the moment.

Exchange had to fall, independently of errors of policy, because the supplying of the necessities of a people whose civilization was progressing demanded commodities which our exportation of agricultural products could not pay for. The lack of exchange equilibrium gave impulse to the industrialization of the country, which could have been anticipated by the adoption of an open and frankly protective commercial policy, such as had the United States and Germany and such also had Great Britain, when she needed such a policy for the consolidation of her economic position.

(SIMONSEN, 1935, p. 28-29)

The general aim was to tackle problems related to the international flows of commodities and goods not necessarily by means of liberalization, but through regulations framed by the State. If the free market prevailed with no hindrance, Brazil would, according

to Simonsen, remain economically vulnerable, subject to persistent exchange rate devaluations, derived from the impossibility to domestically satisfy the demands created by the expansion of civilization. The main affinity of the speech with Rodbertus ideas is in this topic: the State is an important entity, whose role is to regulate the economic system.

For Simonsen, however, the main role of the State was not to redistribute wealth, which points to the selective character of his appropriation of Rodbertus, associated with the legitimization of a protectionist argument. Basically Simonsen was no complete adherent of Rodbertus' theory, but the reference to his idea that the State should play an important role in the regulation of the economy certainly was functional in a political dispute in which Simonsen was challenging the liberal stance to trade and economic policymaking in general.

In the final part of his speech Simonsen provided a historical description of trade policies carried out by France, England and the United States, so as to show that these countries adopted protectionist measures whenever it was necessary to defend their national economies. In the contemporary international economic scenario, the critical 1930s, marked by a severe deceleration of global economic growth and by the dismantlement of the monetary system based on the gold standard, many countries were actually carrying out a protectionist exchange rate policy: the so-called competitive or "beggar-thy-neighbor" devaluations.¹⁸

The focus of these historical descriptions was the American case, which for Simonsen represented a clear example of policies adopted in order to defend national interests. He saw nothing wrong with American policymaking: ultimately the national point of view should prevail over the cosmopolitan one, as implied by

Adolph Wagner. The misguided strategy was the Brazilian one, which in contrast to the North American was based on the free trade principle, to the disadvantage of national industry.

At the beginning of the speech, Simonsen had praised Wagner's idea of national economy as the best approach to economics available and presented in the course of the talk arguments in conformity with this reference. Even though Simonsen did not explicitly quote theoretical passages by Wagner, which by the way would have sounded awkward in a parliamentary address, he clearly challenged the notion that free trade is necessarily beneficial to all nations in the globe. Likewise, when Wagner defined the concept of national economy in his book, he presented important objections to the free trade principle.

Now concentrating on the Brazilian case, Simonsen revisited the history of the tariff policies adopted by the country. He mentioned the agreements of 1808 and 1810, when the Portuguese court fled to Brazil, breaking the colonial pact and opening the Brazilian economy to international trade, particularly to English products; the Alves Branco tariff of 1844, considered to be relatively protective; and the gold tariff (1900) which established that duties on imports should be paid in specie. According to him, in spite of some mostly unintentional protection resulting from tariffs adopted for fiscal reasons, Brazil had never implemented a coherent policy, rationally aimed at protecting the national economy.

Having cancelled the first commercial treaties, we did not know how to maintain a convenient and continuous orientation in tariff matters. In the political agitations in which we lived, subject to the influences

of great interests in a medium not yet crystallized, tariff reforms followed one upon the other, precipitately or in disastrous countermarches. While the United States had sufficient courage to resist these attacks, we did not understand the Brazilian economic problem and we developed obeying the determinations of the ways and means that were forced upon us by the commercial political economy of other peoples.

(SIMONSEN, 1935, p. 60)

Two lines of reasoning are present in Simonsen's texts, particularly from the end of the 1920s onwards: the first one consisted in implying that industrial interests were identical to national aspirations. In his speech, Simonsen employed this association many times. The endorsement of Adolph Wagner's ideas played a functional role in this aspect. For Wagner, the economy becomes complete and fully operative only when it reaches the stage of "national economy", i.e. when transportation connects the country, the domestic market is integrated and modern productive activities are developed. Furthermore, Simonsen's idea that if industrialization did not take place Brazil would remain subject to insurmountable imbalances in the balance of payments implied similarly that the progress of modern transformation activities was a prerequisite of full economic development.

The second line of thought was to interpret the historical evolution of the Brazilian economy in the light of this industrialist nationalism. This interpretation is the foundation of Simonsen's 1937 book on Brazilian economic history, in which he emphasized the subordination of the economy to the cyclical fluctuations of international markets. This cyclical interpretation for the colonial economy of Brazil was coherent with Simonsen's defense

of industry: the successive economic cycles of the Colony – brazil wood, sugar cane, gold mining – were the source of abundant, but very ephemeral wealth. In this scheme the economy fared well as long as the main export was demanded in international markets: when demand declined, the economy collapsed and the rapidly accumulated wealth was also quickly dilapidated. This idea implied that an economy based on the exportation of primary goods is by nature unstable and incapable of overcoming backwardness and poverty. The factor that could change this colonial, primary-exporting status was the introduction of manufactures and industrial plants. Simonsen's nationalism, expressed in his historiographical works and in his political speeches such as the one given in 1935, is embedded in the more general process of construction of a bourgeois hegemony in Brazil.¹⁹

To sum up, it can be said that Simonsen incorporated into his speech concepts formulated by German economists with "interventionist" and nationalist inclinations. These tendencies were characteristic of some currents of economic thought in 19th-century Germany. German intellectual production at this time was influenced by the belated process of economic unification, which took place in association with the accelerated industrial catch-up that assigned to Germany a position of economic leadership in Europe. Simonsen used these concepts in order to produce a speech which was protectionist and nationalist. The core argument of the essay he read in Congress was that the most favored nation clause was not a solution for Brazilian economic problems: backwardness should be overcome by industrialization, already in march in Brazil, as an imperative outcome of the scarcity of products necessary to sustain the evolution of a people on its way towards civilization.

5_ The particularity of Simonsen's participation in the debate

Other deputies associated with the industrial class, their official “class representatives” or not, also participated actively in the debate. Paulo Assumpção, then president of FIESP, and Vicente Galliez, then general-secretary of CIB, stood out among them. Both brought with them large written articles, filled with elements of the industrialist ideas of the 1930s, to be read before the Chamber of Deputies. Many of the ideas they stood for, especially the direct association of “national interest” to the interests of Brazilian industry and the defense of a protectionist commercial policy, were similar to those defended by Simonsen. In fact, we believe that this is due in large part to his acting as an intellectual and disseminator of such ideas among members of his class.

It is worth noticing, however, that even though in general the positions they exposed were similar to those of Simonsen, especially in what regards the association of “national interest” and industrial interests, in their case this association was made with reference to specific industrial sectors. Galliez, for instance, stated: “[the] Agreement will allow for the entry of clothing fabrics that will sacrifice the legitimate interests of our country” (*Annals of the Chamber of Deputies*, v.XVI, p. 199). National interest in his speech is equal to the interests of the cotton shirt industry. Simonsen, on the other hand, seeks to emphasize a unity of interests between industry and the Brazilian economy as a whole.

The recourse to classical theories of protectionism, based on the ideas of Manoilescu or List, is also noteworthy in their speeches, even though the authors were rarely directly referenced. This fact is probably due to the broad circulation of such ideas among the members of the industrial class in this period

(LEME, 1975). The request for policies favoring industrial development in Galliez's and Assumpção's speeches seems to be simpler, focused on the demand for “intelligently protectionist” tariffs instead of the existing “customs-revenue oriented” ones (*Annals*, v.XVI, pp. 200-201). Simonsen, on the other hand, sought to ground his proposals for the defense of national industry on broader arguments, including the necessity of institutionalized planning measures, such as the creation of a “coordinating organ” (“National Institute of Exportation”), to guide the national trade policy (*Annals*, v.XVI, p. 273).

One of the most noticeable discursive elements in the speeches of Galliez and Assumpção is the construction of the idea of a legitimacy of national industry. This concern with legitimacy existed because the industrial elite had been suffering attacks from Brazilian politicians and intellectuals for a long time, in instances where there were conflicts of interest over matters of economic policy. Such attacks, many of them of marked moral nature, aimed to delegitimize the political claims of industrialists, such as demands for protectionist policies. They consisted, in general, in considering domestic Brazilian industry as artificial and attacking the “privileges” conceded to industry in matters of customs policy.

In order to advance their demands and at the same time constitute a new consensus around their political projects, leaders and intellectuals associated to the industrial class made a great effort to reshape the representations of industry common at the time. Galliez, for instance, stated before the Chamber of Deputies: “There is no such thing as artificial industries in Brazil, or anywhere else. All the activity that creates wealth to

the nation is just as legitimate” (*Annals*, v. XV, p. 142), and that “it is convenient to remember that Brazil possesses an industrial output just as important as its agricultural output” (*Annals*, v. XV, p. 149). A strongly emotional appeal for industry to be put in “equal footing” with the remaining sectors was the most visible contribution of Paulo Assumpção to the debate:

I just want, on behalf of the industrialists, to put an end to the impertinent arrogance of those who fight us (...). We are neither dealers of illicit things, nor barriers to the development of any other form of production (...), we demand to have the same respect as those that most deserve it. We are tired of consenting that they spill the blame and the consequences of errors that we haven't committed on our backs. If we did not know how to perform the miracle of industrializing Brazil without the sacrifice of a protective tariff, we can, however, bring before the eyes of the nation, figures that in a period of fifteen years increased tenfold the value of our output (...). These undeniable and impressive figures grant us the rights that we are now demanding. (*Annals*, v. XVI, p.212)

As shown above, Assumpção takes on the moral defense of industry. The growth of the industrial output is the legitimizing argument, because it invalidates the thesis that national industries were “parasitical” in nature.

The main specificity of Simonsen’s contribution to the debate, which also distances him from the other representatives of industry, seems to be at a first level the contents of his reflections. While the speeches of the other industrial leaders were marked

by remarks of moral and practical nature, we are able to perceive in Simonsen’s argument a strong presence of elements of a scientific discourse: his analyses about the Brazilian economy have the ambition of providing broader, empirically based explanations. That aspect can be attributed, among other factors, to his technical formation, as well as to the strong influences on his thought coming from positivistic currents linked to a “scientificist pole” of the Brazilian intellectual field (MAZA, 2004, pp. 33-65 and BEIRED, 1999, pp. 17-68).

At a second and more important level, Simonsen demonstrated in his speech his more well-structured and comprehensive theoretical background. He brought ideas appropriated from European debates on economics, which were not limited to well-known theories of protectionism, such as those of Friedrich List. The appropriations from Rodbertus and Wagner are examples of this diversity of references and contribute to the complexity and sophistication of Simonsen’s reasoning. His economic thought surpassed the practical and immediate considerations relative to the “interests of industry”, so as to achieve the formulation of a project for Brazilian development and the conformation of a particular *corpus* of economic ideas, which was the result of multiple theoretical backgrounds.

6_Concluding remarks

The 1935 Trade Agreement between Brazil and the United States was a moment of political conflict, between different groups and social classes in Brazil. On the one side, the industrialists, which were fiercely opposed to it; on the other, the defenders of the Agreement, among which stood out members of the State bureaucracy. In this moment of political clash, Roberto Simonsen, “class-

representative” elected by the industrial employers of São Paulo, intervened as we have shown.

The focus of the present study was to observe how, in a concrete situation, when political interests were at stake in a debate of ideas, a “practical intellectual”, such as Simonsen, was capable of mobilizing his references in order to present a coherent set of arguments, which were based on theoretical perspectives. It is possible to identify how such an action in the political sphere appears as a relevant moment in the conformation of his own ideas: in order to counteract his adversaries and substantiate his position, he mobilized an arsenal of readings attuned with a German lineage of economic thought. In this way, we believe his participation on the debate contributed to shape and refine his own economic ideas.

We highlighted two German authors, to which Simonsen resorted to give credit and legitimacy to his arguments, oriented above all towards industrial protectionism. The first of these thinkers is Karl Rodbertus, who, according to Simonsen, had placed the question of the division of labor once again in appropriate terms, with social sensibility and recognizing the role of the State. In fact, Rodbertus had proposed a theory of crises, which attributed these economic disruptions to the fact that, in a free-market economy, productivity would increase, while the relative share of wages in national income would decrease, resulting in overproduction coupled with underconsumption. The State should function as an agent regulating the economic system.

The second author addressed is Adolph Wagner, whose concept of national economy was praised by Simonsen as “brilliant”. This concept refers to the economies that have already gone through all the typical phases of development and that form an articulated

totality, as an organism: in the interaction between those national economies, trade would not be necessarily beneficial to all of them. Wagner challenges thus the idea that free trade is something necessary and good in itself. In order to solve the main economic matters, he argues, the national interest should prevail, instead of the “cosmopolitan” tendency of physiocratic-Smithian economic theory.

Those appropriations from German authors, linked to a lineage of economic thought that questioned free-market theory, illuminate the specificity of Simonsen’s participation in the debates on the 1935 Trade Agreement. It seems to be clear that his nationalism, connected to the development of industry, represented the cause of a particular social class, the industrial bourgeoisie. Beyond that, however, Simonsen presented particular elements belonging to his own economic thought. The search for dialogue with German authors shows his concern in presenting logically coherent arguments based on concepts coming from the field of economic theory and not only moral claims, like most of his colleagues defending industrial interests.

Furthermore, we noted that Simonsen attempted to show through historical asides that industry presented itself in Brazil as the necessity of a country that marches towards civilization: the economic cycles of exports had not provided the basis for a wealthy nation. He sought to show, also by means of historical digressions, that the great developed nations adopted protectionist measures to defend their national interests, while Brazil had adopted incoherent trade and customs policies, which were clearly unfavorable to its national interests.

Finally, because of Simonsen’s attempts to be in tune with international thinkers, to use more precise economic concepts than his fellow deputies and to

present an interpretation of the historical process that was coherent with his industrialist project, we can infer from his participation in the 1935 debate elements constituent of a particular economic thought, marked by the defense of protectionism and by the idea that the historical evolution of the Brazilian economy pointed necessarily towards its industrialization. We believe that the identification of these features of Simonsen's thought, anchored as it was in debates taking place then in Brazil as well as in the international intellectual scene, may contribute to the construction of a history of Brazilian economic thought.

Notas

¹ See, for example, Bruzzi Curi and Saes (2015).

² “Developmentalism” (*desenvolvimentismo*, in Portuguese) is understood here as an ideology of social transformation based on integral industrialization and on the idea that it would not be possible to achieve this industrialization through market forces. This definition is given by Bielschowsky (2000).

³ On this controversy, see Bruzzi Curi and Cunha (2015).

⁴ On Simonsen's life and his works, see Lima (1976); Bielschowsky (2000); Dias (2001) and Cepêda (2003).

⁵ For a concise, general description of this period of Brazilian history, in English, see Fausto (2014, pp. 186-230). The

historiography dealing with the Treaty of 1935 and its economic and political context include: Hilton (1975); Gambini (1977); Diniz (1978); Moura (1980); Abreu (1990 and 1999); Leopoldi (2000); Barreto (2001, pp. 87-164) and Cervo & Bueno (2001, pp. 253-258).

⁶ The so called “clearance trade agreements” were characterized by the substitution of the use of foreign currency in trade relations. In both countries involved, “compensation accounts” are created. Importers of a given country, in order to buy from the other, transfer their debts to this “account” in the form of credits. Exporters, then, are paid in the form of such credits, in their national currency. This is a trading method that tends to lock the partners in bilateral trade.

⁷ Clause that was common to trade agreements of liberalizing nature. It required that each signatory country gave each other a tax treatment no less favorable than that reserved for products of any other country with which it had trade relations, regardless of existing treaties with those other nations. It tends to promote multilateral trade.

⁸ For an analysis of the overall political and economic picture of the interwar period, see Hobsbawm (1994, p. 21-141).

⁹ See: Decree N. 542, 1935.

¹⁰ The text read by Simonsen in Parliament was actually an essay he prepared, having published it both in Portuguese and in English in 1935. So there are three sources from which Simonsen's speech can be read: the transcription available in the Annals of the Chamber of Deputies (vol. XVI, 1935), the edition of the essay “Aspectos de política econômica nacional” in Portuguese and its English translation “Aspects of national political economy”, both from 1935. In order to privilege the source most accessible to the English-speaking reader, all the quotations here refer to the English version.

¹¹ On the selective reading of List's ideas by Latin American industrialists, see Boianovsky (2013).

¹² See Burdeau (2013).

¹³ See Schumpeter (1981 [1954], pp. 481-485). For the fac-similar reprint of the original German version see Rodbertus (1971 [1854]) and for the French translation see Rodbertus (1904).

¹⁴ For Simonsen's opinions on economic growth and income distribution, see his text “Objetivos da Engenharia Nacional” in Simonsen (1945).

¹⁵ These include the aforementioned “*Das Kapital*” and also “*Sendschreiben an den Arbeiterkongress während der Londoner Industrieausstellung*” (“Letter sent to the Congress of Workers during the London Industrial Exhibition”), published in 1862 and re-edited by Wagner in 1899.

¹⁶ See Schumpeter (1981 [1854], pp. 818-819) and for the foundation and development of the *Verein für Sozialpolitik* see Hagemann (2001).

¹⁷ See Pericás (2010).

¹⁸ See Eichengreen (2008).

¹⁹ See Saes (2009).

Rererences

1_Printed sources

Annals of the Chamber of Deputies, 1935, volumes XV and XVI. Available in the National Library [Biblioteca Nacional], Rio de Janeiro.

Decree N. 542, 24/12/1935, that promulgates the Trade Agreement between Brazil and the United States, contains its complete textual transcription, plus an appendix that brings the lists of covered products and their prices.

RODBERTUS, Johann Karl. *Le capital*. Paris: V. Girard & E. Brière, 1904.

RODBERTUS, Johann Karl. “Das Kapital. Vierter sozialer Brief an von Kirchmann” [1854]. IN: RODBERTUS, Johann Karl. *Gesammelte Werke und Briefe*. Abteilung I, Band 2. Osnabrück: Otto Zeller, 1971.

SIMONSEN, Roberto. *Aspects of national political economy: address delivered in the Federal Chamber of Deputies on the 11th September 1935*. São Paulo, 1935.

SIMONSEN, Roberto. *A engenharia e a indústria*. São Paulo: FIESP, 1945.

WAGNER, Adolph. *Les fondements de l'économie politique*. t. II. Paris: V. Giard & E. Brière, 1909. [first edition 1876]

2_General bibliography

ABREU, Marcelo de Paiva (org.). *A ordem do progresso*. Rio de Janeiro: Campus, 1990.

ABREU, Marcelo de Paiva (org.). *O Brasil e a Economia Mundial, 1930-1945: políticas econômicas externas e relações econômicas internacionais*. Rio de Janeiro: Civilização Brasileira, 1999.

BARRETO, Fernando P. de Mello. *Os sucessores do Barão: relações exteriores do Brasil, 1912-1964*. São Paulo: Paz e Terra, 2001.

BEIRED, José L. B. *Sob o signo da nova ordem: intelectuais autoritários no Brasil e na Argentina (1914-1945)*. São Paulo: Loyola, 1999.

BIELSCHOWSKY, Ricardo. *Pensamento econômico brasileiro: o ciclo ideológico do desenvolvimentismo (1930-1964)*. Rio de Janeiro: Contraponto, 2000.

BOIANOVSKY, Mauro. “Friedrich List and the economic fate of tropical countries”, in: *History of Political Economy*, v. 45, n. 4. 2013.

BRUZZI CURI, Luiz Felipe and CUNHA, Alexandre Mendes. “Redimensionando a contribuição de Roberto Simonsen à controvérsia do planejamento (1944-1945)”, in *América Latina en la Historia Económica*, vol. 22, n. 3, 2015.

BRUZZI CURI, Luiz Felipe and SAES, Alexandre Macchione. “Cuestionando las ortodoxias: Roberto Simonsen y Wladimir Woytinsky en el ambiente intelectual del período de entreguerras”, in: *Investigaciones de historia económica*, vol. 11, n. 3, 2015.

BURDEAU, François. “Rodbertus, Johann Karl (1805-1875)”. IN: *Enciclopedia Universalis*. (digital). Consultado em: 18 de março de 2013.

CARDOSO, José Luís. “The international diffusion of economic thought”, in: SAMUELS, W.J.; BIDDLE, J.E.; DAVIS, J.B. (eds.). *A companion to the history of economic thought*. Oxford and New York: Blackwell, 2003.

CARDOSO, José Luís. “Reflexões periféricas sobre a difusão internacional do pensamento econômico”. in *Nova Economia*, vol. 19, nº 2. Belo Horizonte, 2009.

CEPÉDA, Vera A. *Roberto Simonsen e a formação da ideologia industrial no Brasil: limites e impasses*. São Paulo: FFLCH/USP, 2003. Tese de Doutorado.

CERVO, Amado Luiz e BUENO, Clodoaldo. *História da política exterior do Brasil*. Brasília: UnB, 2001.

DINIZ, Eli. *Empresário, Estado e Capitalismo no Brasil: 1930-1945*. Rio de Janeiro: Paz e Terra, 1978.

CORSI, Francisco Luis. “Brasil e Argentina: uma análise das políticas econômicas do período 1930-1945”. In: *Revista de Economia Política e História Económica*, número 05, julho de 2006.

D'ARAÚJO, Maria Celina; MOURA, Gerson. “O tratado comercial Brasil-EUA de 1935 e os interesses industriais brasileiros.” *Revista de Ciência Política*, Rio de Janeiro, v. 21, n. 1, p. 55-73, jan./mar. 1978.

DIAS, Sônia. “Roberto Simonsen”, in: *Dicionário histórico-biográfico brasileiro*. 2. ed. Rio de Janeiro: FGV/CDPDOC, 2001.

DINIZ, Eli. *Empresário, Estado e Capitalismo no Brasil: 1930-1945*. Rio de Janeiro: Paz e Terra, 1978.

EICHENGREEN, Barry. *Globalizing capital*. Princeton: Princeton University Press, 2008.

FAUSTO, Boris. *A Concise History of Brazil*. 2nd ed. New York: Cambridge University Press, 2014.

FONSECA, PEDRO C. D. “Sobre a intencionalidade da política econômica industrializante do Brasil na década de 1930”, in: *Revista de Economia Política*. 23 (1), janeiro/março 2003.

GAMBINI, Roberto. *O duplo jogo de Getúlio Vargas: influência americana e alemã no Estado Novo*. São Paulo: Ed. Símbolo, 1977.

GRAMSCI, Antonio. *Cuadernos de la cárcel*. Tomo II. Caderno 4. 2. ed. México, D. F.: Ediciones Era, 1999.

HAGEMANN, Harald. “The Verein für Sozialpolitik from its Foundation until World War I”, in: AUGELLO, M.; GUIDI, M. (eds.). *The Spread of Political Economy and the Professionalisation of Economists. Economic Societies in Europe, America and Japan in the Nineteenth Century*. London: Routledge, 2001.

HILTON, Stanley. *Brazil and the Great Powers, 1930–1939: The Politics of Trade Rivalry*. Austin & London: University of Texas Press, 1975.

HOBBSBAWM, Eric. *Age of extremes. The short twentieth century (1914-1991)*. London: Abacus, 1994.

LEME, Mariza Saenz. *O pensamento industrial no Brasil: 1919-1945*. São Paulo: FFLCH/USP, 1976.

LEOPOLDI, Maria Antonieta P. *Política e Interesses na Industrialização Brasileira: as associações industriais, a política econômica e o Estado*. São Paulo: Paz e Terra, 2000.

LIMA, Heitor Ferreira. *3 industrialistas brasileiros: Mauá, Rui Barbosa, Simonsen*. São Paulo: Alfa-Ômega, 1976

LOVE, Joseph. *Crafting the third world: theorizing underdevelopment in Rumania and Brazil*. Stanford: Stanford University Press, 1996.

LUZ, Nícia Villela. *A luta pela industrialização do Brasil, 1808 a 1930*. 2ª Ed. São Paulo: Alfa-Omega, 1975.

MARTINS DE LIMA, Danilo B. “A conformação de Grupos de Interesse no debate Sobre o Tratado de Comércio Brasil-Estados Unidos (1935)” in: *História Econômica & História de Empresas*, v. 16, n.2, 2013.

MOURA, Gerson. *Autonomia na Dependência: A política externa brasileira de 1930-1942*. Rio de Janeiro: Nova Fronteira, 1980.

MAZA, Fábio. *O idealismo prático de Roberto Simonsen: ciência, tecnologia e indústria na construção da nação*. São Paulo: Instituto Roberto Simonsen, 2004.

PERICÁS, Luiz Bernardo. “José Carlos Mariátegui e o Brasil”. in: *Estudos avançados*. (digital). vol. 24, n. 68, 2010.

SAES, Flávio. “Industrialização e desenvolvimento na perspectiva de duas gerações de pensadores brasileiros: Roberto Simonsen e Celso Furtado”, in: COELHO, Francisco da Silva e GRANZIERA, Rui Guilherme. *Celso Furtado e a formação econômica do Brasil: Edição comemorativa dos 50 Anos de Publicação (1959-2009)*. São Paulo: Atlas, 2009.

SCHUMPETER, Joseph A. *History of economic analysis*. [1954]. London: Taylor & Francis, 1981.

Acknowledgment

The authors would like to thank Victor Bertocchi for the valuable support and Pedro Hooper Dacanal for carefully reading the draft. The usual disclaimers apply.

E-mail de contato dos autores:

luizfelipefbc@gmail.com
danilobml@hotmail.com

Artigo recebido em dezembro de 2013 e aprovado em março de 2015.

