

# FROM THEORY TO POLICYMAKING: THE ROLE OF ECONOMIC ADVISORS IN BRAZILIAN ENERGY POLICIES (1945-1964)

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## Overview

Brazil stands out nowadays in regards to its energy matrix, as it boasts an impressive proportion of renewable energy (including biomass and hydro), representing more than 40% of its total energy supply and more than 80% of its electricity production. On the energy security front, Brazil has been self-sufficient in oil since 2007 and the largest oil producer in Latin America since 2016. One reason for these specificities is Brazil's long-term effort to improve and diversify its energy supply. This paper intends to explore this history and the role of economic ideas in shaping Brazil's energy mix, especially at the time when energy planning was at its height, i.e. during the developmentalist period of Brazilian history.

The advent of developmentalism was a broad phenomenon in Latin America, in which State-led industrialization became widespread. After the Great Depression, an initially unplanned process of industrialization began to take place. The significant impact on the balance of payments from import dependency on oil and the repatriation of profits by international energy companies was quickly seen as a premier opportunity for state-led involvement. The Second World War reinforced the industrialization effort, increasing calls for state-led exploratory efforts for natural resources and their nationalization.

## Methods

This paper uncovers the role of economic advisors to the Federal Government in the elaboration of energy policies from the end of Estado Novo in 1945 to the military coup of 1964 – the apex of the developmentalist state era. On the basis of published and archival materials, both from individuals and institutions, the objective is to study the link between economic theory and energy policy through the work of two economic advisors of Getúlio Vargas: Jesús Soares Pereira (1910-1974) and Rómulo Almeida (1914-1988). Soares Pereira and Almeida took a particular interest in the energy sector since the beginning of their careers. Realizing its strategic position to promote economic growth, they ventured early into the technical and engineering intricacies of the energy sector to shape crucial policies for the subsequent industrialization of Brazil.

We will also examine their role in the creation of the state-owned oil and electricity companies, respectively Petrobrás (1953) and Eletrobrás (1962), as well as in the creation of the National Bank of Economic Development (1952).

Finally, we will trace back their sources of inspiration in economic theory that influenced the creation of these innovative policy recommendations for the time, which notably aimed at energy self-sufficiency for Brazil and at the diversification of the country's energy sources.

## Results

The archives of Jesus Soares Pereira, stored at FGV CPDOC, were digitized by EnClim in September 2023. Authors are currently navigating through the files in the first stage of this research and look forward to presenting preliminary findings at the conference in July 2024.

## Conclusions

Within this regional trend, Brazil stood out from its neighbors, displaying the longest experience of State-led industrialization and the most successful results in its energy sector from today's perspective of energy transition. Furthermore, State-leadership continued unhinged well until the beginning of the 1990s – remaining a strong component to date. It withstood – and was often time reinforced – by major political changes, notably the military government of 1964-1985. This tradition of a strong industrialist state is the root to understand the formation of Brazil's energy mix. In particular, this country of continental dimensions applied its development policy to energy within a federal system but with a strong national state. This paper is part of the ERC StG ETRANHET project, hosted by CNRS, CIRED.

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