The Ford Foundation and Brazilian Economics: Modernization, Community-Building, and Pluralism

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After the Cuban Revolution in 1959, the center of gravity of U.S. foreign policy turned vigorously toward Latin America. Technical cooperation and foreign aid initiatives designed for the region regained some of the momentum they had enjoyed during the early years of Truman’s Point IV Program. The trend, moreover, was duly accommodated by U.S. philanthropic foundations. The Ford Foundation (FF), which had been very timid in engaging Latin America till that time, decided to launch a massive assistance program aimed at the region, beginning in the early 1960s. If the International Cooperation Administration (ICA) and the newly created USAID did not hesitate to work directly with the governmental apparatus they found in place within the several Latin American countries, the FF preferred instead to assist non-governmental institutions that could provide the human and intellectual capital necessary to overcome the challenges of underdevelopment. Institution-building in the fields of higher education and academic research thus became one of the touchstones of the Ford Foundation’s program for Latin America.

The assistance offered by the Ford Foundation to centers for advanced training and research spanned several priority fields, which covered, from the FF’s perspective, some of the key aspects in the process of development and modernization. Economic planning was immediately identified as one of these priority areas, in line with the late-1950s mainstream of development theory and ideology.¹ During the latter half of the 1960s, the Ford Foundation expanded significantly its support for other social sciences, thereby diluting the prominence that economics had enjoyed thus far. Still, economics remained a steady focus for the FF’s initiatives in the region until the mid-1970s, when significant restructuring took place in its Overseas Development program, the division in charge of administering aid to developing areas. As Latin America’s largest nation, Brazil remained a preferential client throughout this entire decade-and-a-half stretch, and the Ford Foundation’s sponsorship proved instrumental in laying
down the institutional bases for the subsequent development of economics as an academic discipline in the country.

Support for Brazilian economics was mostly a success story, often celebrated as such by many in the Ford Foundation’s staff. The partnership, however, also illustrated one of the prominent features of FF’s Latin American operations during the 1960s and 1970s: the difficult moral and political issues raised by the involvement with political regimes that conspicuously failed to meet the standards of freedom and democracy officially advanced by U.S. diplomacy. Brazil was one of the first Latin American nations to revert, in 1964, to a military-backed regime that substantially curtailed civil and political liberties, which coincided quite closely with the moment when the project for improving research and training in economics was gaining impetus. At first, the Ford Foundation seemed to follow the official response of U.S. foreign policy, which saw the military coup as a lesser evil when compared to the alternative offered by the continued government of João Goulart, who was believed to maintain far too close relations with communist groups both within and outside of Brazil. Rather than a benign interlude before the reestablishment of constitutional order, the Brazilian military government soon proved to be a deeply entrenched political force. As the 1960s wore one, its ‘moderate’ overtones quickly gave way to increasingly repressive and authoritarian practices, and reports of ideological purges, political imprisonments and outright torture spread throughout the globe. The changed circumstances induced Ford Foundation personnel directly involved with Latin America to think more carefully about the nature and implications of the work they developed in the region, ultimately leading to significant shifts in goals and operational strategies.

During my visit to the Rockefeller Archive Center, I collected a vast amount of material relevant for a research monograph prepared in co-authorship with Prof. Ramón García Fernández. This work tells the story of Brazilian economics during the post-war era against the background of Cold War politics, with emphasis on the role played by U.S. foreign aid agencies and philanthropic foundations in shaping the contours of the discipline in the country. In this report, I will briefly elaborate three important aspects of this story: 1) the motivations behind the project for ‘modernizing’ Brazilian economics; 2) the process through which
institution-building turned into community-building, the creation of an integrated network of people and institutions sharing similar values and purposes; and 3) the effects produced by the delicate Brazilian political environment on the Ford Foundation’s policies toward Latin America, and their implications for the future of Brazilian economics.

Modernization and the Teaching of Economics

Economics in Brazil, of course, was not first invented in the early 1960s by USAID and the Ford Foundation. By that time, there was already an established tradition of economic analysis in the country, both theoretical and applied. There were even recognized patron saints: Roberto Simonsen, Eugênio Gudin and Caio Prado, Jr., to name only a few. Most of what passed for economic research, however, took place outside of the university system, in applied think tanks like the Getúlio Vargas Foundation’s Brazilian Institute of Economics (IBRE), or in government bureaus such as the National Bank for Economic Development (BNDE). Moreover, college training in the field bore little relation to the current mainstream of economic theory, being instead molded by the standards prevalent in other disciplines such as law, accounting and business administration. As a result, Brazil suffered from a chronic deficiency in the supply of qualified economists for working in the private and public sectors – most of the people who performed technical work in economics were, in fact, trained directly on the job. The project devised by USAID and the Ford Foundation in the early 1960s sought to embed the training of economists within a larger restructuring of the Brazilian higher education system, patterned after the institutional model of North American universities. An adequate supply of properly trained economists was crucial for staffing the several agencies responsible for implementing development policies. According to a 1958 Ford Foundation report, “Economics is unquestionably that discipline within the social sciences which has proved itself to be of the greatest practical and applied value in Latin America”. The rationale was quintessential Alliance for Progress: repelling the communist threat by state-
led, technocratic development planning. A pioneering initiative in this direction was the Vargas Foundation’s Center for the Improvement of Economists (CAE), funded by USAID, which began its operations in 1961. The Center offered a one-year, non-degree refresher course for graduates who desired to improve their training in economic analysis, while preparing a subset of the students to pursue graduate training in the United States. The Ford Foundation was equally eager, from the outset, to commit substantial amounts of its vast resources to this cause. The report, prepared by the group who represented the FF in an official mission to Brazil in 1959, listed five priority areas for action, the first two of which were the “improvement of economics teaching” and “aid to economic research related to development problems”.

In terms of program strategies, the visiting group believed that the Ford Foundation should focus on “the development of strong faculties of economics in one or more Brazilian universities.” As an immediate course of action, the report recommended that “one faculty of economics in a Brazilian university be identified which has the potential for developing a top-quality teaching program,” to be assisted with “continuous advice on curriculum and course design, development of a research and library program, graduate and post-doctoral training abroad for key faculty members and, possibly, the assignment of foreign teachers to the Brazilian faculty.” Following this advice, in 1960, the FF commissioned two U.S. economists – Everett Hagen from MIT and William Nicholls from Vanderbilt – to visit Brazil and produce a detailed assessment of economics education in the country. Their report listed past achievements and current challenges, concluding that “even though the atmosphere in Brazil is favorable to organization of improved training in economics,” progress in this area would be slow “unless a catalyst is injected.” The proposed catalyst involved “establishing a good graduate school,” preferably in Rio de Janeiro, where most of the top-rated Brazilian economists were already based. Three years later, another consultant report on the matter – this time from Chicago’s Theodore Schultz – argued that “not less than two programs” of graduate instruction and research in economics should be developed in Brazil with Ford Foundation support, given the existing large demand for well-trained economists and the sheer size and diversity of the Brazilian economy and society.
In 1961, the Vargas Foundation received a large grant for research activities on problems related to Brazilian economic development. On the training front, however, the Ford Foundation preferred to concentrate its resources on the University of São Paulo’s recently created Institute of Economic Research (IPE). The immediate goal was to create a Master’s program in economics that compared favorably to the standards prevailing in North America. A first grant was approved in 1964, negotiated in tandem with a USAID contract, providing a steady flow of U.S. academic economists to advise on curriculum design and implementation, teach advanced courses, and work as consultants on different research projects. After some delay, the contract was finally signed with Vanderbilt University in 1966. IPE immediately began to offer a one-year graduate curriculum, soon transformed into a two-year program conferring a Master’s degree in economics. The choice of Vanderbilt as a partner institution was by no means fortuitous. Between 1961 and 1965, the Ford Foundation’s Rio de Janeiro office was headed by Reynold Carlson, a Vanderbilt economist on leave from the university, who had also participated in the 1959 reconnaissance mission to Latin America. Another Vanderbilt economist, William Nicholls, had previously been asked by the FF to survey the state of economics education in Brazil. When the USAID-IPE-Vanderbilt contract was put in effect, Nicholls accordingly became the on-campus coordinator of Vanderbilt’s program for assisting the development of Brazilian economics. The university’s portfolio also included the Graduate Program in Economic Development, created in 1956 with the explicit aim of training students from developing countries – an initiative equally funded by ICA and the Ford Foundation.

The language of modernization was widely employed by the several actors involved in this project, in line with the current political and academic mainstream. There was much expressed concern with the canons of “modern economics” or the mastery of “modern analytical tools”. The virtues of modernization, however, were not the same for everyone. Some were mostly interested in establishing the priority of the so-called ‘core’ of economic analysis: the set of problems, concepts and techniques that stood for established wisdom in the discipline. This attitude was shared by some of the academic consultants hired by the FF and by an important subset of the Brazilian community of economists. Others, however, insisted on the need for broader educational
reform, and sought modernization in the adoption of North American standards of graduate education, introducing greater disciplinary specialization and an overt technical bent. Finally, there were those who understood modernization as a much larger process leading to the cultivation of a certain cluster of values. The Ford Foundation field staff was especially susceptible to this view, much less concerned with promoting specific theories or methods than with reinforcing the commitment of Brazilian elites to the principles and ideals of modern Western societies. These disparate expectations may help explain the emergence of contrasting reactions with respect to observed outcomes later on.

**Building a Community**

In line with the assessment formulated in preliminary surveys and reports, the Ford Foundation initially decided to concentrate its energies on the task of developing two high-level training and research institutions: the Getúlio Vargas Foundation in Rio de Janeiro, and the Institute of Economic Research (IPE) at the University of São Paulo. These two centers should function as the necessary ‘catalysts’ for a broader and more robust process of improvement in the standards of Brazilian economics. They should, in other words, not only lead by example but also train the economists who would then staff other, more modest academic centers, thus exerting a self-sustaining trickle-down effect. As the work got under way, however, these expectations were quickly frustrated. On one hand, institutional constraints of all sorts made progress at both Vargas and São Paulo much slower than anticipated, making it evident that projections about their capacity to train the next generation of economics professors had been grossly overestimated. On the other hand, as the Ford Foundation’s field staff in Brazil began to grapple with the problem, the realization gradually dawned that the country’s much-discussed regional diversity was not simply a matter of cultural variance and geographical reach: the cleavages were deep enough to require training and knowledge specifically tailored to the challenges affecting each region.
A tug-of-war ensued between the Ford Foundation’s Rio de Janeiro and New York offices, the former trying to leverage its own first-hand knowledge of the local situation to argue for a broader regional spread of support, while the latter raised concerns about the ineffective scattering of scarce foundation resources and the questionable institutional and human resources available at smaller regional centers. The Rio office eventually prevailed, and by the early 1970s, in addition to the two original grantees, the Ford Foundation was supporting economics programs in Recife, Fortaleza, Belo Horizonte and Brasilia. The change in strategy, however, made it necessary to develop more effective ways of coordinating the several activities that now comprised the FF’s program for Brazilian economics. The University of São Paulo consolidated its role as the pivot of the entire operation, now running an ‘extension program’ to assist other regional grantees with short-term courses, faculty exchanges and research consultancy. A chief concern was to guarantee that a certain hierarchy would be established among the different centers. Regional programs were not devised to become top-level, seeding institutions, but rather to fulfill the specific needs of their proximate environment. This meant that advanced theoretical and technical subjects should be downplayed in favor of more applied training that could be directly relevant to policymaking.

As the benefits of the IPE extension program matured, it gave way to another institutional innovation that would prove enormously consequential: the creation of the Brazilian National Association of Graduate Centers in Economics (ANPEC). Officially inaugurated in 1973, and funded by another Ford Foundation grant, the association functioned as a forum where matters of common concern among the emerging graduate programs could be discussed and decided. ANPEC worked to sustain the delicate balance between the Rio/São Paulo axis and the regional centers, to negotiate the ambitions and aspirations of the different programs, and to adjudicate the legitimacy of newcomers. More importantly, it took upon itself the task of signaling what the new, ‘modern’ Brazilian economics should look like, using two powerful instruments: a unified entrance exam for all the Brazilian Master’s programs in economics, and an annual meeting where Brazilian economists could present the fruits of their research. Discharging these and other functions, ANPEC remains, to this day, a leading force in defining the academic
standards that guide the economics discipline in Brazil. In this sense, it stands as a remarkable case of successful institution-building.

The Ford Foundation thus contributed to the creation of a broad, diverse, and reasonably well-integrated network of Brazilian institutions dedicated to research and training in economics – even if this ran contrary to the aims and strategies that had been established when its field operations began in Brazil. What we see at play here is a story of institutional adaptation, in which official directives and guidelines were routinely supplanted by judgment calls made by people with a first-hand knowledge of local conditions. Part of its success, no doubt, was due to the work of key players who managed to establish fruitful rapportss with different groups of Brazilian economists, thus acquiring a robust sense of the intricacies and nuances that characterized their environment. As people moved around this network, they gradually internalized its values, coming to regard themselves as members of one and the same community. This did not mean, of course, that their differences had been suddenly erased. ANPEC had to cope not only with the usual struggles for institutional power, but also with genuine divergences about the types of economic knowledge that could adequately address the developmental problems of Latin America. Such disputes, arising at a moment of much turmoil in Brazil and worldwide, put the actions of both ANPEC and the Ford Foundation under serious strain.

**From Policy-Relevance to Pluralism**

Even if the Ford Foundation had mostly refrained from working directly with government agencies in its efforts to improve the training of Brazilian economists, the design of its assistance program to the fledgling academic centers had been much influenced by the issue of policy-relevance. To justify final decisions over whether or not a given proposal was worth funding, FF staff usually resorted to assessments about its potential to produce outcomes that could directly influence the making and implementation of public policy. The attitude illustrates how, from the early- to mid-1960s, the Ford Foundation still conceived of development
aid in terms that resembled the spirit of Point IV projects and more recent USAID missions: as a series of cooperative arrangements whereby the necessary technical knowledge for dealing with concrete problems could be transferred to the recipient nation. The 1964 coup instituting a military government in Brazil did not seem to have had much of an effect on the Ford Foundation’s operations in the country. Four months after the coup, the renowned Vanderbilt economist Nicholas Georgescu-Roegen disembarked in São Paulo, on a FF mission, to help design the curriculum for IPE’s projected Master’s program in economics. In the years that followed, the Rio office staff usually seemed eager to work with Brazilian economists holding close ties to the government, as this was believed to increase the prospect of policy-relevance.14

The situation changed toward the end of the 1960s, as the Brazilian military regime gained more repressive and authoritarian overtones.15 A new, internal FF rift developed between Rio and New York, this time concerning the matter of Ford Foundation support for activities that could be somehow interpreted to benefit the Brazilian government. The previously uncontested premise of policy-relevance came in for some criticism. If policy-relevant projects were those that could help the political and administrative machinery to govern more effectively, and if, moreover, the character of the Brazilian regime was considered abhorrent, then one might reasonably conclude: the less policy-relevance, the better.16 A worthy project should assist civil society to improve its understanding of local problems while refraining from putting this knowledge at the government’s service. It would prepare Brazilian society, in other words, to act forcefully once more auspicious political conditions were restored. Once again, based on their first-hand knowledge of the scene, the Rio staff struggled to convince New York that Brazilian universities still preserved the necessary conditions for free scientific inquiry into social problems, despite abundant evidence of political purges and other forms of academic censorship. The issue came to the forefront amid discussions of a grant proposal to the social sciences at the University of Brasília, an institution that had been subject to three episodes of intervention by the government since the 1964 coup.17

These discussions coincided with broader changes that were taking place in the Ford Foundation’s policies and strategies, especially after McGeorge Bundy
became president in 1966. Responding to the tumultuous climate of domestic politics, the FF sought to distance itself from the official line of U.S. foreign policy. Civil and human rights raised to the top of the agenda, sideling more traditional programs of poverty reduction and economic development. In Latin America, the infamous Project Camelot incident in 1965, and the later disclosure of CIA covert funding to the Congress for Cultural Freedom, placed a veil of suspicion over the activities of foreign agents who proclaimed to act independently from the U.S. government. Under the intellectual leadership of NYU political scientist Kalman Silvert, the Ford Foundation’s Office for Latin America and the Caribbean (OLAC) restructured its operations away from traditional developmental aid, now putting greater stress on projects that could help nurture the values of Western pluralistic societies in Latin America. The new emphasis on principles such as tolerance, openness and diversity established a sharp contrast with the wave of authoritarianism then sweeping the region.

The University of Brasilia case offered fertile ground for some stock-taking. If policy-relevance could no longer be taken for granted as a worthwhile program goal, other directives were necessary. To those who advocated continuing engagement with Brazil even in the face of deteriorating political conditions, one desirable outcome of Ford Foundation support involved “the survival of a ‘critical spirit’ or ‘some pluralism’” in the country. OLAC staff thus began to channel their energies toward the creation of safe intellectual spaces for the work of social scientists who remained in Brazil, insulating them as far as possible from the constraints and inhibitions imposed by the political environment. In the case of economics, ANPEC used the resources at its disposal to guarantee the preservation of a space for open and critical discussion of government policy and the developmental challenges facing the country. The concern with modern economic analysis of a decade earlier gave way to a conscious effort to guarantee that the various theoretical, methodological and ideological perspectives would have room for expression. The responses elicited by the difficult Brazilian circumstances of the late 1960s and early 1970s seem to have played an important role in shaping the Ford Foundation’s reaction to the crises in Chile and Argentina a few years later.
In stark contrast to the conditions currently prevailing in most of Europe and North America, economics remains a markedly plural discipline in Brazil, open to several non-conventional theories and approaches. The Ford Foundation played a major role in generating this outcome – even if it was much removed from the intentions of the people behind the modernizing drive of the early 1960s, when the program for Brazilian economics was originally devised. During the McGeorge Bundy era, the values associated with a pluralistic society came to the forefront among OLAC officers and consultants. When transposed to Brazil, these values found echo within a community of economists who wished to protect its newly found identity and cohesion from the threat of divisive political behavior, thus embracing an ethical commitment to theoretical and methodological pluralism. Through flexible adaptation to changed circumstances, the Ford Foundation thus ultimately succeeded in its task of building solid and long-lasting institutions to sustain the future development of Brazilian economics. Most likely, however, the original architects of the plan would hardly have recognized themselves in the fruits of their own creation.


10. A 1968 memorandum from Program Officer Peter Bell refers to the “baldly elitist approach to our work in Brazil,” geared to “the apex of the educational pyramid” but relying on “a modernizing, rather than traditional elite” (Peter Bell, ‘Narrative Statement for Fiscal Year 1969 Budget,’ March 12, 1968, RG 300, Box 278, Folder 9, ‘Brazil: Wm. D. Carmichael (Ford Foundation) (1966–69), Vanderbilt University Archives.

11. William Carmichael, head of the Rio office at the time, thus pleaded the regionalization case: “As stated ad nauseam I’m afraid, Brazil is a very large country with pressing human resources and research requirements in each of its several important regions. The situation is further compounded by problems of internal brain drain, which generate serious doubts about relying on a geographical ‘trickle outward’ approach.” William Carmichael to Nita R. Manitzas, ‘Economics in São Paulo and more generally in Brazil’, November 18, 1970, Reel 1886, Grant File 65-573, FA732C, Ford Foundation Records, Rockefeller Archive Center. At the New York office, however, Nita Manitzas questioned “whether the issue is one of spread or simple scatteration.” Nita R. Manitzas to Harry Wilhelm, ‘Request for A Status, Federal University of Pernambuco, Economics and Sociology’, August 28, 1969, Reel 5389, Grant File 70-138, FA732C, Ford Foundation Records, Rockefeller Archive Center.
In parallel to programs in ‘general’ economics, the Ford Foundation also funded training units in agricultural economics located in Porto Alegre, Viçosa and Piracicaba.

Miguel Colasuonno, one of the leading economists at the University of São Paulo, believed that collaborative research projects could serve as an effective instrument to “preserve the delicate balance between the principal and secondary centers.” Stanley Nicholson to Werner Baer, May 15, 1970, Reel 5493, Grant File 70-606, FA732I, Ford Foundation Records, Rockefeller Archive Center.

Werner Baer, Ford’s program advisor for economics in Brazil, took as a sign of “universal respect” the fact that “both pre-March 1964 and post-March 1964 governments have made use of the Vargas Foundation’s services.” Werner Baer to Stacey Widdicombe, ‘Some Further Comments Related to the Getúlio Vargas Foundation Economic Research and Staff Development Program’, August 21, 1967, Reel 1886, Grant File 67-573, FA732C, Ford Foundation Records, Rockefeller Archive Center.

A symbolic moment in this shift came with the publication of the so-called Institutional Act no. 5, in December 1968, which significantly curtailed civil and political liberties while opening the way for a more systematic use of repressive instruments.


The case of CEBRAP in Brazil is very well-known, created in 1969 with Ford Foundation support to gather intellectuals and social scientists who had been dismissed from their universities by the military government. Other similar institutions were also created in Chile and Argentina. See Patricio Silva, “Technocrats and Politics in Chile: From the Chicago Boys to the CIEPLAN Monks,” Journal of Latin American Studies, Vol. 23, No. 2, pp. 385-410; Jeffrey Puryear, Thinking Politics: Intellectuals and Democracy in Chile, 1973-1988 (Baltimore: Johns Hopkins University Press, 1994); Juan Jesús Morales, ‘Interinstitutional Cooperation in Authoritarian Times: The Ford Foundation and the Development of Autonomous Research Centers in Argentina, Brazil, and Chile (1969-1990)’, Rockefeller Archive Center Research Report, January 1, 2016 (retrieved from https://rockarch.issuelab.org/resources/27867/27867.pdf)

The archival collection, “Latin America and the Caribbean Program Files on the 1973 Coup d’État in Chile,” part of the Ford Foundation records stored at the Rockefeller Archive Center, contains documents produced during discussions of the University of Brasília grant, including the Kalman Silvert memorandum ‘Distasteful Regimes and Foundation Policies Overseas’ (Folders 2-3, Box 1, FA721, Ford Foundation Records, Rockefeller Archive Center).