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Between modernization and obsolescence: the trajectory of the Companhia Telefônica Catarinense (1927-1969)

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Abstract

The objective of this article is to analyze the trajectory of Companhia Telefônica Catarinense (CTC) within the economic formation of Santa Catarina in the process of integration of the national telecommunications system. The CTC's trajectory will be analyzed combining two movements: the modernization and the obsolescence of its capacity for commercial and productive expansion, which has been involved since the company's foundation in 1927 until its statization in 1969. To analyze this period, we have divided the trajectory of CTC into four moments: a) extensive and continuous modernization (1927-1943); b) forced and temporary obsolescence (1943-1947); c) intensive and limited modernization (1947-1961); and d) irreversible obsolescence and financial insolvency (1961-1969). The text is divided into three topics. We begin with an introduction that addresses communications in Santa Catarina and defines the categories of analysis. Then, the topic formation, expansion and nationalization of CTC presents the moments of modernization and obsolescence.

Keywords: Telephony. Territory. History. Economy. Santa Catarina.

Entre modernização e obsolescência: a trajetória da Companhia Telefônica Catarinense (1927-1969)

Resumo

O objetivo desse artigo é analisar a trajetória da Companhia Telefônica Catarinense (CTC) dentro da formação econômica de Santa Catarina no processo de integração do sistema nacional de telecomunicações. A trajetória da CTC será analisada combinando dois movimentos: a modernização e a obsolescência da sua capacidade de expansão comercial e produtiva, que envolve desde a fundação da empresa, em 1927, até sua estatização, em 1969. Para analisar esse período dividimos a trajetória da CTC em quatro momentos: a) modernização extensiva e contínua (1927-1943); b) obsolescência forçada e temporária (1943-1947); c) modernização intensiva e limitada (1947-1961); e d) obsolescência irreversível e insolvência financeira (1961-1969). O texto está dividido em três tópicos. Iniciamos com uma introdução que aborda as comunicações em Santa Catarina e define as categorias de análise. Em seguida, o tópico formação, expansão e estatização da CTC apresenta os momentos de modernização e obsolescência. Por fim, temos as considerações finais que sintetiza o movimento geral da estatização da telefonia em Santa Catarina.

Palavras-chaves: Telefonia. Território. História. Economia. Santa Catarina.

Entre la modernización y la obsolescencia: la trayectoria de la Companhia Telefônica Catarinense (1927-1969)

Resumen

El objetivo de este artículo es analizar la trayectoria de Companhia Telefônica Catarinense (CTC) dentro de la formación económica de Santa Catarina en el proceso de integración del sistema nacional de telecomunicaciones. La trayectoria del CTC se analizará combinando dos movimientos: la modernización y la obsolescencia de su capacidad de expansión comercial y productiva, que ha involucrado desde la fundación de la compañía en 1927, hasta su nacionalización en 1969. Para analizar este período, hemos dividido la trayectoria de CTC en cuatro momentos: a) modernización extensa y continua (1927-1943); b) obsolescencia forzada y temporal (1943-1947); c) modernización intensiva y limitada (1947-1961); y d) obsolescencia irreversible e insolvencia financiera (1961-1969). El texto está dividido en tres temas. Comenzamos con una introducción que aborda las comunicaciones en Santa Catarina y define las categorías de análisis. Luego, el tema de formación, expansión y nacionalización de CTC presenta los momentos de modernización y obsolescencia. Finalmente, tenemos las consideraciones finales que traen una síntesis del estatización del telefonía en Santa Catarina.

Palabras clave: Telefonía. Territorio. História. Economía. Santa Catarina.

1 Introduction: communications in Santa Catarina

The availability of transport and communications limited to a defined and specific territory is associated with the existence of commercial, demographic and military flows that draw the characteristics of the regional economic system. Regional systems are a constituent part of the national economy system (LIST, 1986), to which they are subordinate and obey a hierarchy. The predominance of economic activity (agrarian, mercantile, extractive or productive) specializes in a region by creating business units and institutions that articulate with the leading sector of the economy. Regional specialization promotes economic diversification, productive integration and commercial articulation, forming a regional economic system. The basic social infrastructure enables the expanded reproduction of this regional system while modernizing it with the advances of the productive forces that it helped to boost.

The basic social infrastructure - which are the fixed and technical objects, in the definition of Milton Santos (2012) - is formed by a set of geoeconomics layers that combine and overlap at different times: transport (roads, railways, navigation), communications (post offices, telegraphs, telephony, web), energy, gas, water and others (sanitation, fiber optics, cable TV, internet). The presence of a new layer can cancel out the presence of another one or they can be combined and obtain better performance. The opening of a road allows the traffic of postal lines, the construction of telegraph and telephone lines and the posting of electrical wires. At the same time, it allows the grounding of the water supply system and the gas and optical fiber network. Each geoeconomic layer is made available at different times and brings with it testimonies from a specific time.

In countries where capitalism was formed late, the state assumed superior forms of economic organization. Public works, state-owned companies and private sector financing via public development banks are mechanisms of State intervention for the formation of the internal market. In Brazil, the State made itself

and is still present in several cities and regions through direct or indirect actions, building and defining regional economic systems. Each State action in the construction of a geoeconomic layer results in a new territorial configuration. The presence of a road, a postal line or an electricity and telephone network, more than material progress, means the densification of the State and capital in the territory.

Therefore, the telephone network, which makes up the geo-economic layers, forms the regional economic system and thickens the state and capital in the territory. Even though telephony in Santa Catarina was a private service until 1969, the expansion of the lines took place through the laying of poles on the sides of roads or railways. The integration of the various isolated lines forming a state telephone system was only possible with the post-1969 state intervention through the Companhia Catarinense de Telecomunicações (COTESC), which allows us to affirm that the telephone network in Santa Catarina, as a geoeconomic layer, was also made available by the State.

One of the characteristics of the economy of late industrialization is that its basic social infrastructure is formed by the presence and combination of national, external and state capital. To a large extent, the financing channels were activated by the National Treasury - which financed the state-owned companies - and external loans - which financed its branches in Brazil. The national capital, whose degree of financial leverage was still stunted, was moving at a slow and continuous pace of accumulation. In the specific case of Brazilian telephony, there was a combination of two major actions: the foreign capital operating in the large Brazilian capitals - Companhia Telefônica Brasileira (CTB) in the Southeast -, and the national capital operating in the other cities. Among the nationally owned telephone companies, there were organizations of various sizes, such as Companhia Telefônica Riograndense (CTR), which operated in almost all of Rio Grande do Sul, and others of small size, which punctually served a city, such as the company from João Schneider, a small capitalist from Laguna, who, in 1915, received the concession to install telephone services in Laguna (SC).

Telephone service to the public arrived in Santa Catarina in 1907, when, in the city of Joinville, Empresa Telefônica Joinvillense, owned by the company Grossenbacher & Trinks, installed a manual exchange and 60 devices. Florianópolis was the second city to be serviced by the services through the same company when in 1909 it installed another manual exchange and 100 devices. Then, municipal telephony reached the interior of the state in the cities of São José, Blumenau, Itajaí and Gaspar, which opened services in 1913, and in Laguna in 1918. The first intercity line was opened in 1924 connecting the cities of Paraty (Itapoá), São Francisco do Sul and Joinville.

The Florianópolis concessionaire, which changed its name to Paulo Trinks & Ehlke, operated with many restrictions and difficulties to meet the growing demand for new handsets and telephone lines. An initiative taken by the state government and the city of Florianópolis was to open the concession of services to other companies. To this end, Municipal Law No. 144, of June 7, 1924, was approved, granting the privilege for Companhia Tração, Luz e Força de Florianópolis to offer public and private electric energy services in the state capital (REPÚBLICA, 14 / 06/1924). With reference to State Law No. 1.001, Governor Hercílio Luz, on May 8, 1924, granted this same company the exclusive right to install a telephone network

in Santa Catarina (REPÚBLICA, 02/02/1927). The expectation was that the company would take on this great undertaking, as it was a company that was born making promises of new investments in public services in the capital of Santa Catarina. The expected did not happen and, in February 1927, at the request of the government, Companhia Tração, Luz e Força de Florianópolis gave up installing and exploring telephone services in Santa Catarina, according to clause number 66 of the contract signed in 1924 (REPÚBLICA, 02 / 02/1927). The general panorama of telephony in Santa Catarina was that of a fragmented and slow expansion system. In 1926, the cities served by telephone services were as follows: Florianópolis, Joinville, Blumenau, Laguna and São Francisco do Sul.

Services in the municipalities were not enough, the urgent need was to connect to form a state telephone network. Local companies were unable, technically and financially, to start a project to build long-distance lines. Until 1927, there was only the line between Paraty-São Francisco do Sul-Joinville, carried out by Empresa São Francisco de Ligação a Joinville. Grossenbacher & Trinks had the concession since 1908 to extend its services to São Bento do Sul, and Companhia Tração, Luz e Força de Florianópolis to cover the entire state. The two largest telephone companies in Santa Catarina, Grossenbacher & Trinks, Elhke & Cia, were unable to leap ahead of the demand to unblock telephone services in the state.

The unilateral attitude of Companhia Tração, Luz e Força de Florianópolis displeased the state government, which, in the same year, in 1927, tried to find a new capitalist to take on the task of building the Santa Catarina telephone network. The temporary solution came with the availability of businessman Juan Ganzo Fernandes to take over the works provided for in the contract.

Based on the development of the categories geoeconomic layers, regional systems of economy and densification of the state and capital in the territory, the objective of this article is to analyze the trajectory of Companhia Telefônica Catarinense (CTC) within the economic formation of Santa Catarina in the process of integration of the national telecommunications system. The trajectory of CTC will be analyzed by combining two simultaneous and disparate movements: the modernization and the obsolescence of its capacity for commercial and productive expansion, which has been involved since the company's foundation, in 1927, until its nationalization, in 1969. To analyze this period of the 42 years, we have divided CTC's trajectory into four stages: a) extensive and continuous modernization (1927-1943); b) forced and temporary obsolescence (1943-1947); c) intensive and limited modernization (1947-1961); and d) irreversible obsolescence and financial insolvency (1961-1969). The main sources of analysis were the Board of Directors' Reports and the Minutes of the Meetings, both available in the no Diário Oficial do Estado de Santa Catarina, in physical format, available at the Public Library of the State of Santa Catarina, between the years 1940 and 1969. Also noteworthy are news and notes published in the newspapers O Estado, A Notícias e República, all available in the Digital Library of the National Library. Finally, the Governors' Messages and the Law Collection were also sources used with relative frequency.

2 Formation, expansion and nationalization of Companhia Telefônica Catarinense (CTC)

The year 1927 was emblematic for the history of telephony in Santa Catarina. On January 15th, Companhia Tração, Luz e Força de Florianópolis gave up the privilege granted by the state government (REPÚBLICA, 02/02/1927). On June 22, Juan Ganzo Fernandez visits Governor Adolpho Konder and sets out his intentions to install a telephone network in Santa Catarina, starting with the installation of a radiotelegraphic station in the capital (REPÚBLICA, 23/06/1927). On July 9, in the presence of the governor and several local and state authorities, Juan Ganzo inaugurates the radiotelegraphic station in Florianópolis, located at Praça 15 de Novembro (REPÚBLICA, 07/07/1927). Excited by the achievements of the new capitalist present on Santa Catarina soil, State Law No. 1.578 was passed on September 21, which authorized the executive to grant a new privilege, for 35 years, to explore intercity telephone services throughout the belly territory green. However, in line with Decree No. 199, of February 6, 1890, it guaranteed city halls the right to grant the privilege to exploit services in the municipalities. The works should start within one year from the signing of the contract (REPÚBLICA, 12/08/1927; SANTA CATARINA, 1928). On December 2, onboard the hydroplane Ipiranga, from Porto Alegre, Juan Ganzo Fernandez arrived in Florianópolis to sign the contract with the state government to carry out the plans for the implementation of the telephone network in Santa Catarina (REPUBLICA, 12/03/1927). On December 19, the landfill of the poles and installation of wires started from Florianópolis towards the north (REPÚBLICA, 12/20/1927).

Juan Ganzo Fernandes (1872-1957) was a businessman of Spanish origin who spent time in Montevideo and settled in business in the electrical and communications fields, having laid the telephone line between the Uruguayan capital and the cities of Canelones and San Jose de Mayo. In 1899 he was on the border with Brazil, where he established an international connection between the two countries, connecting them through the municipality of Jaguarão. In 1900 the line reached Bagé, and in 1905 in the city of Rio Grande. Being established in Rio Grande do Sul, in the city of Porto Alegre, in 1907 he founded the Companhia Telefônica Rio-Grandense (CTR), which became a large and prosperous Rio Grande do Sul telephone company (LLOYD, 1913). The coming to Santa Catarina, in 1927, is associated with the sale of the majority of CTR's shares to the International Telephone & Telegraph (IT&T), which launched its tentacles in South America. At the extraordinary general meeting of CTR, on July 30, 1927, there was a statutory reform that altered the composition of the board, displacing Juan Ganzo Fernandes to the position of “administrator”, excluding him from the board (A FEDERAÇÃO, 02/08/1927). In the 1927 CTR Report, published on March 31, 1928, Walter F. Flanley signed with the director (A FEDERAÇÃO, 28/03/1928).

In the contract signed with the state government on December 2, 1927, the following clause was provided for:

Clause 2: The concessionaire undertakes to establish a wide telephone network to serve the communications of the capital and its municipalities, as well as to connect the capital to the cities of Itajaí, Blumenau, Joinville and Laguna through double lines of copper or galvanized iron, extending

the service to the rest of the state's territory, as it becomes technically and commercially viable, and to install a radio station in the city of Lages and in other points where it suits the concessionaire, with the authorization of the state government (REPÚBLICA, p. 4, 12/08/1927).

The estimated period for starting the works was six months after the contract was signed, and the opening of the connections between Florianópolis and the other municipalities, including Lages, should take place in 30 months. The contract also provided for the installation, in Florianópolis, of automatic telephone services and the extension of the lines to neighboring states. It was up to the state government to define the tariff values and their readjustments. The concession was effective for 35 years from the conclusion of the works. Among the foreseen obligations, the only one that was not fulfilled in clause 2 was the installation of a radio station in Lages, and the city was integrated into the telephone network only in 1942, that is, 13 years after the agreement.

After signing the contract, Juan Ganzo Fernandes founded Companhia Telefônica Catarinense (CTC), a company that would be in charge of organizing and maintaining the telephone network in Santa Catarina. However, the company's technical and financial limits frustrated the state government's plans.

The contract provided for the installation of the network in more urbanized areas, where the greatest demand for telephone services was concentrated. To prioritize Florianópolis, Laguna, Blumenau, Itajaí and Joinville was to reinforce the regional concentration around the coast and the Itajaí Valley. The regional economic system, based on the herbaceous complex of the northern plateau and in Joinville, created favorable commercial conditions for CTC to quickly extend its line to Porto União. The economic dynamism of Blumenau and other cities in the Itajaí Valley, such as Brusque and Rio do Sul, founded in the textile and wood industry, was also promising and justified the investments. The city of Itajaí naturally reaffirmed itself as an important port center to transport products from the Valley, in addition to a commercial warehouse with headquarters for banks and a warehouse for deposits. Laguna was positioned as the main urban and commercial center in the south of Santa Catarina, through which a large part of the coal production flowed from the mines of Lauro Muller, Urussanga and Criciúma.

Each city selected to be a center of the telephone network constituted itself as the “capital” of regional economic systems. It was precisely in these cities that the opening of the first roads occurred, the first post offices were installed and postal lines were extended, the telegraph line was made available and electricity was introduced. The economic strength of each city attracted the advent of modernity and reinforced its status as a pole city. The overlapping geoeconomics layers densified the state in the territory and reinforced the specialties and the diversification of the regional economic system. Roads, post offices, telegraphs, telephony and energy were layers that overlapped and combined, being essential for the expanded reproduction of capital and the existence and social coexistence. As a source of valorization and an instrument of social integration, in the early twentieth century, telephony was placed as the main communication service and required constant modernization and regulatory mechanisms for its discipline.

Overlaid on postal and telegraph lines, telephony emerges and develops as a technical object of high complexity and constant renewal of its methods of

operation. From the need to request a connection to the manual exchanges, going through the magnetic and automatic telephone, going on to digital and satellite transmission, the technological evolution of this device and service at every moment required greater financing and investment capacity. The adventure of small municipal capitalists was being replaced by larger companies until it was taken over by oligopolies. The inability of smaller companies to leap ahead of demand and constantly modernize services through continuous equipment renewal put their credibility at risk, which required the state to take a more energetic stance towards better services. In addition to the quality of services, the state was also interested in territorial unity and the integration of regional systems through the various geoeconomics layers. Having control over the territory is part of the state's *raison d'être*.

CTC's 42 years of existence have been marked by several phases in its modernization process. It seems that obsolescence was faster than the maturation of modernization. After the implementation of new equipment, they quickly became obsolete and required new investments. To understand this duel between modernization and obsolescence, just follow the evolution of cellular telephony in the last ten years. Not only are new devices and applications needed, but the signal transmission capacity must also be improved, reaching as far as possible. Therefore, leaving uncovered areas of telephony implies the obsolescence of its services.

2.1. Extensive and continuous modernization (1927-1943)

The day after the signing of the contract in Florianópolis, Juan Ganzo Fernandes and Carlos Wendhausen went to the cities of Joinville and Blumenau, where they contacted the local telephone companies, Grossenbacher & Trinks and Empresa Telefônica de Blumenau, to acquire them and monopolize services in both cities (O ESTADO, 12/14/1927). Only in Blumenau were they successful, in Joinville the CTC never managed to enter.

Seventeen days after the signing of the contract between Juan Ganzo Fernandes and the state government, on 12/19/1927, the work to set up the posts and lines started from Florianópolis towards Joinville (north) and Laguna (south).

Numerous groups of workers led by professionals from Porto Alegre immediately attacked several sections linking the municipalities of Palhoça, São José, Porto Belo, Tijucas and Itajaí to this capital. The construction of the Campeche and Laguna branches has also started (REPÚBLICA, 05/15/1928).

The initial works were carried out by CTR, in which Ganzo still worked as an administrative director. The services continued to move forward to comply with the contract clauses in advance. The first line opened was between Florianópolis and Tijucas passing through São José, on May 13, 1928, with a length of 50 kilometers. On the same day, Adolpho Konder Airport should be inaugurated with a telephone line to the center of the capital, but due to the absence of the governor, both inaugurations did not have official acts (REPUBLIC, 05/15/1928).

In October 1928, the lines from Florianópolis to Blumenau (160 km) were opened, passing through the cities of Itajaí and Gaspar. From Tijucas the line

extended until Brusque (55 km). Heading south, Imbituba and Paulo Lopes (35 km) were connected, which was a stretch of the line from Laguna. In September, CTC achieved its greatest objective and integrated Joinville and Jaraguá do Sul, in addition to buying the line to São Francisco do Sul (REPÚBLICA, 20/09/1928).

In each city that CTC arrived a station or a central was installed, and in cities where local services were provided by a local capitalist, CTC bought the company and the municipal concession, as happened in Laguna, Florianópolis and Blumenau. Through Municipal Law No. 600, of April 20, 1928, the City Hall of the capital exempted Juan Ganzo from all taxes and fees on telephone services that he performed in the city (REPÚBLICA, 21/04/1928). Thus, it opened up space for him to acquire Paulo Trinks & Ehlke.

After one year, since the beginning of the works, CTC had already accumulated a network of 357 kilometers and 479 devices installed. In the following year, in 1929, the south line was completed, between Laguna and Florianópolis (130 km) and Camboriú added on the north line, totaling 426 kilometers. In the same year, work began in Florianópolis for the installation of the underground automatic telephone network, also provided for in the contract (SANTA CATARINA, 1929). However, there was still a long way to go to Lages.

The automatic telephone arrived in Brazil in 1922, when CTR inaugurated in Porto Alegre the first line of this new system that dispensed the operator and made the direct call between subscribers. It was enough to dial the telephone number of the person with whom one wished to speak, that on the other end of the line the telephone would be called through a signal and both could talk confidentially. With the experience acquired in the installation of automatic telephony, Juan Ganzo, based on the contract signed in 1927, committed to installing this modern service in Florianópolis. The works started with the grounding of the wiring, which would be all underground. In January 1930, equipment imported from Belgium, by the manufacturer Bell Company, arrived in Florianópolis, composed of 142 volumes, weighing 24 tons (O ESTADO, 10/01/1930). The services were inaugurated in the capital (the fifth Brazilian city with an automatic telephone) on September 21, 1930, in an official ceremony attended by the acting governor (Antônio Vicente Bulcão Viana) and the elected (Fulvio Aducci), when they were delivered 1.000 signatures (O ESTADO, 23/09/1930). The expectation was that the modern service would also reach the main cities in Santa Catarina, which happened throughout the 1930s and 1940s.

The second city in Santa Catarina to have automatic services was Joinville, which opened on January 30, 1932. In March 1931, Empresa Sul Brasileira de Eletricidade (Empresul) acquired Empresa Telefônica Joinvillense and assumed the commitment, under a contract signed with the city hall, to install automatic telephones within one year (EMPRESA SUL BRASILEIRA DE ELETRICIDADE, 04/17/1931). Empresul was a subsidiary of the German company AEG (Allgemeine Elektrizitäts-Gesellschaft), which had settled in Joinville in 1929 to supply electricity, but which also started to operate in telephony. Following the agreed deadline, on January 31, 1932, the automatic telephone network was inaugurated in the city. In an official act, in addition to the local authorities, Juan Ganzo Fernandes was also present. Empresul and CTC signed a mutual intercity traffic contract, that is, Joinville subscribers could make calls to all cities in Santa Catarina served by CTC (A NOTÍCIA,

10/02/1932). Subsequently, on April 15, CTC opened the Joinville line to São Bento do Sul, passing through Campo Alegre and Rio Negrinho, paving the way for the entire northern plateau. Empresul expanded its services to the cities of Mafra and Rio Negro (Paraná), however, the line it was part of was owned by CTC, which had the privilege granted by the contract 1927.

The joint service between the two companies lasted four years. On March 26, 1936, CTC published in the newspaper A Notícia that it would be interrupting the services of the rural zone of Joinville and of all the municipalities of the state (A NOTÍCIA, 26/03/1936). This unilateral attitude by Juan Ganzo perplexed the local community. The intention was to weaken Empresul and force the city government to cede the concession to CTC, which also claimed to have the right to exploit the entire territory of Santa Catarina (A NOTÍCIA, 29/03/1936). CTC, even without authorization from the city government, started to start the installation of the lines in Joinville with the opening of ditches in Rua dos Princes, but had to paralyze them afterward. Faced with this unusual and arrogant act, the press and the local elites began a battle to demoralize the figure of Juan Ganzo (A NOTÍCIA, 25/04/1936).

The problem dragged on for four years, isolating Joinville and Mafra from the state telephone network. Even Juan Ganzo's relationship with the state government was shaken, which led Nereu Ramos to register, in a message sent to the Legislative Assembly, a criticism of the services provided by CTC in the capital:

Phones: These services have not worked in the capital lately, of which Companhia Telefônica Catarinense is the concessionaire, with the desired perfection. The respective contract is being studied by the Department of Traffic and Public Works, for measures that can remedy the irregularities of a certain time that have occurred here, both in the capital and in intercity connections (SANTA CATARINA, p. 211, 1936).

It was only with the mediation of the Commercial and Industrial Association of Joinville and the state government that the two companies resumed negotiations and signed a new contract on September 2, 1940 (A NOTÍCIA, 03/09/1940).

From the second half of the 1930s until the beginning of the Second World War, the wear and tear of the conflict with Empresul and technical and financial problems reduced the pace of expansion of CTC. The Company abandoned the idea of reaching the entire territory of Santa Catarina, as the state government idealized and was provided for in the contract, to serve only the largest urban centers. However, it installed telephones in important cities, such as Criciúma and Urussanga, in 1937, Rio do Sul, in 1939, and Blumenau, which was connected to Jaraguá do Sul via Pomedore, completing the north line. In the early 1940s, CTC had a network of 1.000 km and installed 2.350 telephone sets, distributed in the following locations:

- Southern Line: Criciúma, Urussanga, Imbituba, Laguna, Orleans, Braço do Norte, Pedras Grandes, Tubarão and Vila Nova;
- Leste East Line: Florianópolis, Biguaçu, Palhoça, Paulo Lopes, Pinha, Santo Amaro, São José and Tijucas;

- Vale do Itajaí Line: Itajaí, Blumenau, Pomerode, Brusque, Gaspar, Trombudo Central, Indaial, Ilhota, Lontra and Timbó;
- North Line and North Plateau: Bananal (Guaramirim), Jaraguá do Sul, São Francisco do Sul, Paraty (Itapoá), Rio Negro and São Bento (SANTA CATARINA, 1941).

In Joinville, Rio Negro and Mafra, Empresul had a 132 km line and supplied 617 devices. In Porto União, the services were provided by Empresa de Eletricidade e Phones Alexandre Schlemm SA. In Chart 1 we can follow the data referring to the opening and expansion of the lines and the formation of the telephone network in Santa Catarina.

Table 1: Expansion of the lines of Companhia Telefônica Catarinense

Date	Lines
05/13/1928	Florianópolis - São José - Tijucas
10/18/1928	Florianópolis - Tijucas - Itajaí - Gaspar - Brusque - Itoupava Seca - Blumenau
10/30/1928	Paulo Lopes - Imbituba
12/10/1928	São Francisco do Sul - Paraty (Itapoá)
12/26/1928	Florianópolis - Jaraguá - Joinville
4/13/1929	Florianópolis - Paulo Lopes - Laguna
08/08/1929	Florianópolis - Camboriú
10/14/1931	Joinville - Bananal - São Francisco do Sul
02/21/1932	Florianópolis - Canavieiras
03/10/1932	Empresul (Joinville) - CTC
4/15/1932	Joinville - São Bento do Sul
4/15/1932	São Bento - Joinville (Rede CTC)
9/14/1933	Florianópolis - Caldas da Imperatriz
03/18/1936	Imbituba - Vila Nova - Coqueiros (Estreito)
07/10/1937	Painel - Santa Ana
9/24/1937	Florianópolis - Laguna - Criciúma - Urussanga
10/23/1937	Florianópolis - Laguna - Criciúma
12/22/1938	Urussanga - Cocal do Sul
08/05/1939	Rio do Sul - Trombudo Central - Lontra
04/07/1940	Blumenau - Massaranduba
08/09/1941	Hansa - Hammonia (Indaial - Ibirama)
03/14/1942	Lages - Rio do Sul - Blumenau - Itajaí
04/24/1943	Florianópolis - Rio do Sul - Lages
09/09/1944	Joinville - Pirabeiraba
07/01/1945	Ibirama - Presidente Getúlio
1948	Criciúma-Maracajá-Araranguá
9/13/1952	Joinville - Garuva - Curitiba
1952	Camboriú - Itajaí
1952	Ibicare - Joaçaba
1957	Capinzal - Rede CTC
1959	Porto União - Mafra - Curitiba
1960	Florianópolis - Itajaí - Curitiba

Source: Newspaper República and O Estado; Reports from the CTC Board.

The goal of CTC reaching the mountain plateau was constantly postponed, disregarding the contract signed in 1927. Only in 1937 did the first telephone services reach the plateau, when the Linha a Santana (current location of Cruzeiro, in Urubici) line went into operation (Maps 1 and 2). Then, departing from Rio do Sul, the line reached Lages, on March 14, 1942. Finally, on April 24, 1943, the capital was connected to Lages by the line that passed through Rancho Queimado and Bocaina (COMPANHIA TELEFÔNICA CATARINENSE, 1942; 1943; SANTA CATARINA, 1937).

The delay in getting to Lages may be explained by the high risk in investments with the expectation of low return. Lages, located in the center of the territory, was the knot that tied Santa Catarina through the availability of the different geoeconomics layers: roads, post offices and telegraphs. However, from an economic point of view, until the 1940s, the city was not very dynamic and did not attract investments. It was up to the state to assume the role of promoting territorial integration.

Map 1: Telephone lines in Santa Catarina 1928



Map 2: Telephone lines in Santa Catarina 1932



Regarding the installation of automatic telephones, after the purchase of Empresa Telefônica de Blumenau, the third city that CTC served was Blumenau, in 1936. With the extension of the line to Lages, in 1942, only automatic ones were installed, as it did not justify placing the old manual system via an operator. Thus, the main cities in Santa Catarina - Florianópolis, Joinville, Blumenau and Lages -, before Brazil entered into World War II, were already operating with automatic telephones.

The modernization of telephony in Santa Catarina between 1927 and 1943, led by CTC, took place through two major actions. The first was the continuous expansion of the line until 1943, with different rhythms before and after 1935. From Laguna to Joinville, from Itajaí and Florianópolis to Lages, a state telephone network was formed, but with limits, like the arrival in Lages was late and the CTC no longer had plans to expand towards the west (Maps 3 and 4). The second action was the installation of automatic telephone exchanges, which took place in the

cities of Florianópolis (1930), Blumenau (1936) and Lages (1942). Competing with CTC, Empresul served the municipality of Joinville, a large and promising market coveted by Juan Ganzo, where it also installed automatics (1932).

Map 3: Telephone lines in Santa Catarina 1937



Map 4: Telephone lines in Santa Catarina 1942



2.2 Forced and temporary obsolescence (1943-1947)

The integration of Lages with Florianópolis, inaugurated in 1943, was the last breath of CTC in that period characterized as extensive and continuous modernization. The difficulties in importing equipment and the lack of interest in going westward inaugurated a phase of obsolescence in the chain. Forced by the external and temporary contingency for the short period in which it lasted, this movement was also intentional, since for CTC it was no longer of interest to serve western Santa Catarina. In this region, a low population density persisted and there were no economic advantages that would encourage the company to extend its lines to the border.

We can follow obsolescence and external restrictions in the CTC Reports published in the Diário Oficial do Estado de Santa Catarina. In the 1943 Report, regarding operations, we have the following observation:

Due to the absolute lack of some elements and a great need for others essential to the construction of new lines and the establishment of new plants, this year nothing was worth mentioning except the duplication of

the line to Rio Testo (COMPANHIA TELEFÔNICA CATARINENSE, p. 7, 1944).

The following year, 1944, the problem continued:

Still, with the same absolute lack of some elements and a great need for others essential to construction, only the construction of the network of the locality of Presidente Getúlio started. Limiting itself to taking care of the conservation of current networks, lines and exchanges, changing installations, telephone switches and some exchanges (COMPANHIA TELEFÔNICA CATARINENSE, p. 6, 1945).

Even after the end of the war, when international trade returned to normal, the CTC continued to suffer restrictions:

Continuing the same difficulties arising from the war, which did not diminish, greater activities were not possible in new constructions, but only the finalization of construction and thus it was delivered to traffic on June 1, 1945, the extension of the Ibirama line to Presidente Getúlio, as well as the local network of this locality (COMPANHIA TELEFÔNICA CATARINENSE, p. 8, 1946).

The return to normality in the Atlantic and the political and economic stability in Brazil and Santa Catarina were not enough for CTC to resume the process of modernizing the network and telephone exchanges. There was only the necessary maintenance carried out on some lines through the introduction of a metallic circuit and modifications in municipal power plants. The progress was made with the beginning of the works to extend the line to the city of Caçador, where an Ericson automatic plant with a capacity of 250 positions would be installed. The plan was to go towards Videira and integrate Curitibanos with Taió (COMPANHIA TELEFÔNICA CATARINENSE, 1947).

With the expected completion of the line between Videira and Caçador, in addition to the services already available in Lages, CTC was slowly advancing in the territory of Santa Catarina, but it still left a big gap: the west. The border established by the company was the Peixe River, so the maximum reach would be Joaçaba (Map 5). This was not the intention of the state government, which aimed to bring telephone services to the border with Argentina as quickly as possible. If the services were not provided by CTC, privileges would be granted to other interested companies.

Map 5: Telephone lines in Santa Catarina 1945



2.3 Intensive and limited modernization (1947-1961)

At the Extraordinary General Assembly on June 20, 1961, Florinda Di Mônaco Ganzo (widow of Juan Ganzo Fernandes, who died in 1957) suggested that CTC expand its network to regions that it did not yet explore. Even though it was approved by the majority of the Assembly, the proposal was not implemented. At that same meeting, a loan was approved with Consórcio de Desenvolvimento Econômico SA. (COMPANHIA TELEFÔNICA CATARINENSE, p. 20, 05/25/1962). However, few modernization works have been carried out, except Blumenau, where a new automatic control unit has been installed with availability for 2.000 indirect control Crossbar positions. However, the digital system of stored programs was already being developed, which would soon make Crossbar obsolete. CTC chose to build new headquarters to better serve the public in the municipalities of Itajaí, Curitibanos, Tubarão, Lages, Pomerode, Gaspar, Rio do Sul, Araranguá and Porto União (O ESTADO, 07/05/1968). The justification alleged by the company for the low investment in the expansion of the line was “the dizzying inflation”.

There is a very close relationship between the consolidation of regional economic systems and the need to make investments in infrastructure available, increasing the offer of energy, transport, communications, water and other services. Therefore, there is a symbiosis between regional systems and geoeconomics layers, which intertwine and become dynamic, simultaneously generating new demands. It is the expanded reproduction of capital, stimulating new productive forces and configuring the territory.

Continuing with the modernization, between 1948 and 1960 the four main lines that came into operation were the Vale do Rio do Peixe, with the inclusion of Videira, Fraiburgo, Tangará and Caçador, in addition to the various locations towards Curitibanos, closing the circuit with the mountain plateau. Another line was the one that integrated Lages to the network, connecting it with the Itajaí Valley, the north, the south and the capital region. Heading west, the limit was Joaçaba, where, in September 1950, CTC acquired the Empresa Telefônica de Cruzeiro do Sul and began to monopolize local services. Then he extended the line towards the Lower Vale do Rio do Peixe to the city of Capinzal. On the north plateau, CTC expanded its line to Porto União, where it bought, in June 1951, the Electricity and

Telephone Company Alexandre Schlemm SA, and Mafra, where it acquired Irmãos Bley & Cia Ltda, closing the entire circuit from Joinville to Porto União and heading towards Caçador and Curitiba. In summary, these were the new lines:

- Vale do Rio do Peixe Line: Videira, Tangará and Caçador
- Midwest Line: Joaçaba to Capinzal
- Planalto Serrano Line: Lages, São Joaquim, Ponte Alta and Curitiba
- Planalto Norte Line: Porto União, Mafra and Canoinhas

Many lines have been extended from larger urban centers to nearby cities or small towns. In the south, the line started from Criciúma to Araranguá, passing through Maracajá; in the Itajaí Valley, from Rio do Sul it reached Laurentido and Rio do Oeste; in the Vale do Rio do Peixe, from Caçador passed through Ipoméia, Rio das Antas and Pinheiro Preto. The integration of the intercity lines formed large circuits, and the sum of both formed the Santa Catarina Telephone Network. As an example, we have the circuits:

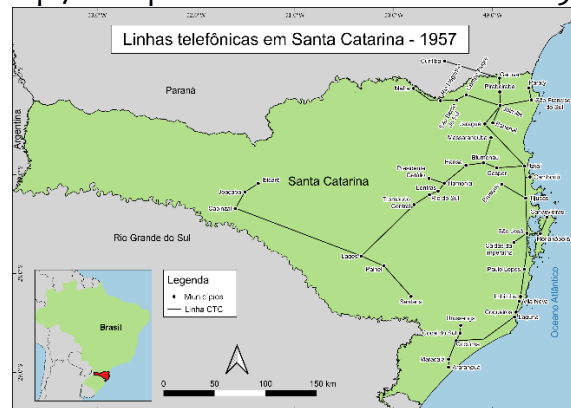
- Joinville-Porto União-Caçador-Lages-Rio do Sul-Blumenau-Itajaí-Joinville
- Florianópolis-Lages-Rio do Sul-Brusque-Florianópolis
- Laguna-Orleans-Urussanga-Criciúma-Araranguá-Tubarão-Laguna
- Lages-Curitiba-Caçador-Porto União-Mafra-Ponte Alta-Lages

Rapid technological changes in the telecommunications world required CTC to constantly change lines, exchanges and equipment. The lines were initially galvanized, but then had to be replaced with copper, which was more resistant and improved voice transmission, but much more expensive. With the integration of the lines, came the direct high-frequency circuit (carrier system), first implemented in 1950 between Florianópolis and Blumenau, Itajaí and São Francisco do Sul, and Itajaí and Rio do Sul. In 1954, the carrier system was deployed across the northern plateau. In 1956 it reached Joaçaba, and then, in 1959, Itajaí was linked with Curitiba with the Companhia Telefônica Nacional (Maps 6 and 7).

Map 6: Telephone lines in Santa Catarina 1952



Map 7: Telephone lines in Santa Catarina 1957



In the integration with neighboring states, the first connection was made on September 13, 1952, between Joinville and Curitiba, passing through Garuva, in a total length of 45 kilometers. CTC joined the network of Companhia Telefônica Nacional (CTN), which had been formed from the merger between IT&T and CTB, which took place in 1951 and operated throughout the southeast of Brazil. In 1957, it was already possible to talk about Blumenau directly with Curitiba on a high frequency. Porto União, which was connected to the northern plateau circuit, connected to the CTN network in 1959, extending its connection to Curitiba (COMPANHIA TELEFÔNICA CATARINENSE, VARIOUS YEARS). With some delay, the capital of Santa Catarina obtained long-distance services to Curitiba, passing through Itajaí and Blumenau only in September 1960, with the installation of three new circuits. Being in contact with Curitiba, it was possible to connect with the entire state of Paraná and São Paulo, since CTN also had mutual traffic with CTB (O ESTADO, 07/09/1960).

With Rio Grande do Sul, the integration project came about after a meeting held on November 23 and 24, 1956, in the city of Torres, between Rio Grande do Sul governor Ildo Meneghetti and Santa Catarina Jorge Lacerda. At the meeting, protocols of intentions were signed that envisaged joint actions on several fronts (O ESTADO, 11/21/1956). The connection between the two states would be made between CTC and CTR, but in the west, as expected (Concórdia, Chapecó, Seara, Itá and Mondaí), the company from Santa Catarina did not operate. In the following year, 1957, the first microwave transmission tests were carried out between Porto Alegre and Florianópolis. However, the integration through lines between Florianópolis and Porto Alegre via Torres-Araranguá-Laguna was not carried out by CTC and came to occur only with COTESC.

Table 2: Installation of exchanges and automatic telephones in Santa Catarina

Date	City	Expected devices
7/21/1930	Florianópolis	1.000
1/30/1932	Joinville (Empresul)	
1936	Blumenau	
1942	Lages	
Dec / 46	Caçador	250
1949	Itajaí	
1950	Canoinhas	400
1950	São Francisco do Sul	400
1952	Rio do Sul	400
1952	Tangará	100
mar/52	Curitibanos	50
May / 52	Ibirama	50
May / 52	Camboriú	22
jul/52	Brusque	200
jul/52	Laguna	200
1952	Estreito	100
1952	Cabeçuda (Laguna)	22
1953	Mafra-Rio Negro	500
1953	Porto União-União da Vitória	500
1953	Biguaçu	
1957	Capinzal	100
1959	Tubarão	500
1960	Araranguá	100
1960	Guaramirim	30

Source: Newspaper República and O Estado; Reports from the CTC Board.

Another telephony sector that required constant investments, maintenance and modernization were the centrals, due to the substitution of the manual system for the automatic system. The manual system continued to be installed until the 1940s, but when a new medium-sized city entered the network it was no longer worth it to install a manual exchange. After the resumption of investments by CTC after 1947, all the main cities in Santa Catarina started to receive positions for automakers. In Table 2, we can follow the installation data for automatic telephones in several cities in Santa Catarina. Sometimes the old equipment was reused in smaller communities, where few numbers were offered to the local population. However, in most cases, the company had to depreciate its fixed assets.

Due to the implementation of the new automatic centrals with their telephones, cables, hardware, the old manual exchanges with all their devices, posts, insulators, wires and hardware were removed in the following cities in this state: Itajaí, São Francisco do Sul, Rio do Sul, Tangará and Lages. In 1952, identical networks will be removed from the following cities: Brusque, Laguna, Porto União, União da Vitória, Curitibanos, Ibirama and a large part of this capital and Estreito. All these old materials collected, and to be collected, represent several million cruzeiros, which will have to be depreciated in several years beginning in the year corresponding to the year 1951 (COMPANHIA TELEFÔNICA CATARINENSE, p. 4, 1952).

With the advancement of long-distance telephony and connections with Paraná and the Southeast, new and complex demands arose for CTC. In 1958, a company from São Paulo was hired to implement the system of carrier waves of up to 140 kc, which was foreseen in a long-distance development plan to be installed

between Florianópolis and Itajaí. With such modernization, CTC imagined “to meet the normal increase in long-distance traffic over the next 20 years” (COMPANHIA TELEFÔNICA CATARINENSE, p. 9, 1959).

The absence of CTC telephone services in western Santa Catarina needed to be supplied with municipal initiatives through the creation of municipal companies. The creation of these telephone companies, in a way, did not hinder CTC's business, on the contrary, it freed it from the “burden” of expanding the lines towards the border. Complaints about the poor quality of CTC services and the deficiency in the supply structure, with few devices available in the face of growing demand, were weakening the company's image and finances. The low capacity for financial leverage delayed the renewal of the network, which counteracted the drop in quality. The warning signal sounded when in Criciúma, on May 3, 1961, a group of businessmen created the Companhia Criciumense de Telefones, through the incorporation of CTC's assets (COMPANHIA CRICIUMENSE DE TELEFONES, p. 9, 09/05 / 1961).

CTC was becoming inefficient and unable to promote the full integration of telephone services in Santa Catarina (Map 8). During the years 1961 to 1969, the problems (technical and financial) were only getting worse. The widening of the social division of labor and the demographic expansion in Santa Catarina, which generated leaps in demand ahead of supply, transformed CTC, a company that promoted the partial integration of telephony until the 1950s, in an obstacle to continue full integration of Santa Catarina territory. This barrier should be overcome as soon as possible.



2.4 Irreversible obsolescence and financial insolvency (1961-1969)

In Santa Catarina, the institutionalization of telephony began under the Celso Ramos government with the creation of the Conselho Estadual de Telecomunicações (CONTEL) through Law No. 3.635, of May 10, 1965. Among its attributions, was the elaboration of the State Plan for Telecommunications and the integration of all services in a State Telecommunications System. Then, through Law No. 3.642, of June 8, 1965, Companhia Catarinense de Telecomunicações SA

(CIATEL) was created. The purpose of Ciatel was to implement, improve and commercially expand telecommunications services in the state, that is, a state-owned telephone company in Santa Catarina was being born. The siege around the CTC was closing and the government, both at the federal and state levels, announced that it would expand its functions to develop the telephone service in the country.

During the period extending between 1961, when in Criciúma a group of businessmen created the Companhia Criciumense de Telefones (CCT) and moved the CTC from the city, and 1969, when the company was taken over by COTESC, the CTC did little to change its physical structure. It had been in the process of divestment since 1966 when rumors of its nationalization emerged. It did not build new lines or increase the number of subscribers. In 1960, there were 9.207 subscribers, in 1968, there were 8.946, that is there was a drop in the number of subscribers. With the modernization of services in Florianópolis, there was a promise to expand to 10.000 subscribers, however, in 1967 there were only 2.200, well below expectations. Table 3 shows the evolution of the number of devices installed in Santa Catarina by CTC.

Table 3: Telephones installed in Santa Catarina (1940-1968)

Year	Companhia Telefônica Catarinense	Santa Catarina
1940	2.350	
1941	2.620	
1942	2.709	
1943	2.849	
1944	2.926	
1945	3.052	
1946	3.225	
1947	3.399	
1948	3.549	
1952	4.503	
1953	5.438	
1954	5.872	
1955	6.534	
1956	7.067	
1957	7.481	
1958	8.455	
1959	8.703	
1960	9.207	
1962		9.220
1963		9.077
1964		10.804
1965		11.746
1966		12.313
1967	8.946	13.443
1968		13.471

Source: CTC Board reports; Statistical Yearbooks of Brazil, several years.

At the Extraordinary General Assembly on June 20, 1961, Florinda Di Mônaco Ganzo (widow of Juan Ganzo Fernandes, who died in 1957) suggested that CTC

expand its network to regions that it did not yet explore. Even though it was approved by the majority of the Assembly, the proposal was not implemented. At that same meeting, a loan was approved with Consórcio de Desenvolvimento Econômico SA. (COMPANHIA TELEFÔNICA CATARINENSE, p. 20, 05/25/1962). However, few modernization works have been carried out, except Blumenau, where a new automatic control unit has been installed with availability for 2.000 indirect control Crossbar positions. However, the digital system of stored programs was already being developed, which would soon make Crossbar obsolete. CTC chose to build new headquarters to better serve the public in the municipalities of Itajaí, Curitibanos, Tubarão, Lages, Pomerode, Gaspar, Rio do Sul, Araranguá and Porto União (O ESTADO, 07/05/1968). The justification alleged by the company for the low investment in the expansion of the line was “the dizzying inflation”.

As for the expansion of the urban network in the various cities of the state, we can assert that there is indeed some delay. Delay, which incidentally was due to the dizzying inflation that occurred in the period of execution of our plan, causing our cost forecasts for two years to be practically exceeded in two months (O ESTADO, p. 3, 05/07/1968).

To streamline technical and financial services, the Extraordinary General Meeting of January 17, 1967, approved the creation of the Technical Department and the Economics Department, both with full autonomy. The first would be responsible for the elaboration of plans, projects and execution of the works; the second for the elaboration of financial, administrative and organizational planning (COMPANHIA TELEFÔNICA CATARINENSE, 1967).

Agility was necessary since after the creation of CONTEL the state government started a series of works to improve telecommunications services in Santa Catarina. In partnership with the Departamento de Correios e Telégrafos, CONTEL, in 1967 the carrier line was built in the stretch between Blumenau and Joinville and from Blumenau to Lages, passing through Rio do Sul (SANTA CATARINA, 1967). In the following year, both lines started operating and CONTEL started the execution of works on the line between Lages and Vacaria (SANTA CATARINA, 1968). According to Santos (1999), in the same period, the Santa Catarina government, through the Secretariat of the West, carried out topographic surveys and implemented telephone lines between Chapecó, Xaxim, Xanxerê, Caxambu do Sul, Águas de Chapecó and São Carlos. Agreements were also made with some city halls in the west for the construction of local lines and the provision of devices for public agencies.

In September 1966, negotiations began between the CEO of CTC, Djalma Araújo, and the president of CONTEL, Colonel Danilo Klaes - an agent of repression - for the acquisition of all the company's assets. Therefore, from that moment on it would not be more prudent to make new investments, either in the modernization of the plants or in the expansion of the line, that is, the CTC has stagnated.

1968 was a critical year for the company, especially from a financial point of view, as it presented a loss of Cr\$ 692.864,41 (approximately US\$ 205.600,00) (COMPANHIA TELEFÔNICA CATARINENSE, 05/06/1969). The company no longer disclosed in the balance sheets published in the Official Gazette of the State of Santa Catarina the detailed result of the year since 1959, which suggests that its

financial situation was entering a route of insolvency. In the clarification note sent to the Legislative Assembly of Santa Catarina on April 29, 1968, addressed to State Deputy Pedro Ivo Campos, referring to the statement made in the Assembly's gallery on the deficiencies of telephone services, Juan Carlos Ganzo Fernandes claimed that after the government state constituted the Special Tipping Commission to take over the CTC (created on March 16, 1967), the company started to have enormous difficulties in obtaining financing from the banks to cover its costs, including with the BDE itself, a development bank state, in "whose doors", according to Ganzo, "Telefonica knocked fruitlessly in search of help" (O ESTADO, p. 3, 05/07/1968). This insolvency situation chased away subscribers, who failed to fulfill their commitments to the CTC, further aggravating the financial crisis and forcing the company to transfer funds for the purchase of new equipment to pay off debts.

In a press conference given on February 16, 1967, the president of CONTEL stated that there was an interest by the state in acquiring the CTC, a statement that even took Juan Carlos Ganzo Fernandes by surprise (O ESTADO, 19/02/1967). Then, on March 16, CONTEL officially confirmed the creation of a Special Tipping Commission to continue with the negotiations for the acquisition of CTC, which had already started in September 1966 (O ESTADO, 17/03/1967).

On November 1, 1968, the Ministry of Communications issued Ordinance No. 1.331, which created a Special Commission coordinated by the National Telecommunications Department (DENTEL) to analyze the problem between the state government and CTC. The tasks of this Commission would be:

- enter into negotiations with Companhia Telefônica Catarinense to establish the conditions of the purchase transaction desired by the Government of the State of Santa Catarina;
- proceed with the accounting investigation and the listing of the assets of Companhia Telefônica Catarinense, to determine the fair value of its shareholders' equity;
- prepare the minutes of the administrative acts necessary to carry out the transaction if a satisfactory term is reached for them (DIÁRIO OFICIAL DA UNIÃO, p. 9.786, 11/08/1968)

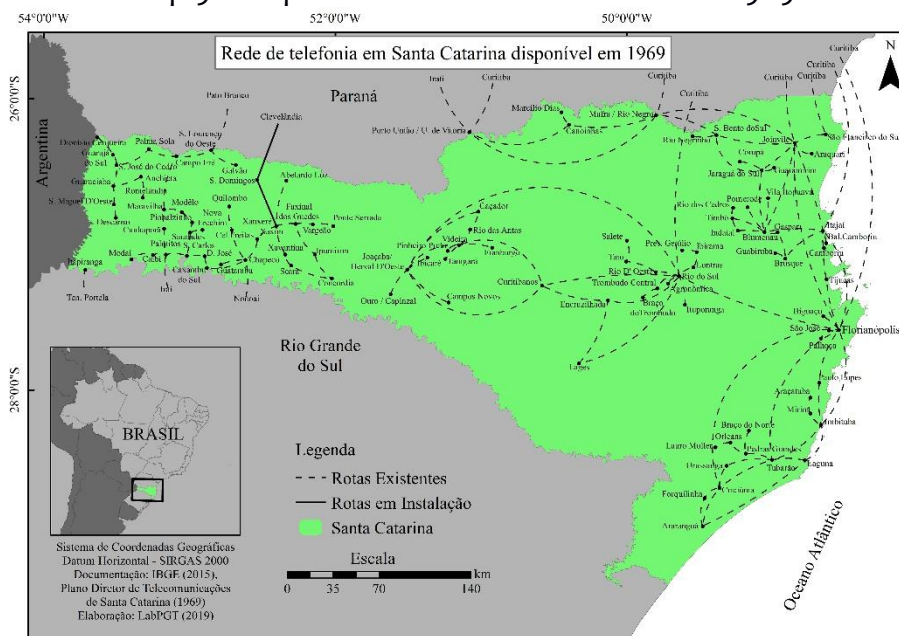
The deadline for completing the work was two months. Although the CTC states that it was "caught" by surprise, the problem in the structure of the telephone service offer was widely known in Santa Catarina, and the solution found by the federal government was nationalization. On January 25, 1969, the management of Companhia Telefônica Catarinense met to deliberate on Ordinance No. 1.331 and presented a financial assessment of fixed assets that contrasted with that presented by the Special Commission. In the valuation made by CTC, the capital fixed on 12/31/1968 totaled Cr\$ 7.007.676.39; in the Commission's assessment, it was Cr\$ 1.273.439,36 (COMPANHIA TELEFÔNICA CATARINENSE, 01/31/1969). Finally, at the Extraordinary General Meeting on March 8, 1969, a liquidator commission was created to set up the procedures for transferring the assets to the state of Santa Catarina (COMPANHIA TELEFÔNICA CATARINENSE, 05/19/1969).

Then, the federal government, now under the auspices of the AI-5 that opened the dictatorship, on April 2, 1969, issued Decree No. 64.301, which authorized the transfer of CTC's assets and facilities to the Santa Catarina

government. The same decree expired all concessions granted to CTC and gave 120 days for a state company to be structured to perform telephone services in Santa Catarina. In response, on April 17, 1969, through State Law No. 4.299, the Santa Catarina government authorized the constitution of Companhia Catarinense de Telecomunicações SA (COTESC).

On July 3, all of CTC's assets were finally incorporated by COTESC, under the supervision of Alcides Abreu, who had been appointed to chair the new state-owned company (O ESTADO, 06/04/1969). The Public Deed of the foundation of COTESC was signed at a meeting held on July 14, 1969, with the presence of the governor Ivo Silveira (COMPANHIA CATARINENSE DE TELECOMUNICAÇÕES, 07/25/1969). The way was open to form a state telecommunications network, promote a continuous modernization of telephone services and expand the offer of new numbers/handsets, reaching all cities in Santa Catarina. In the face of those material conditions, there was no other way out: it either nationalized or retreated in communications.

Map 9: Telephone network in Santa Catarina 1969



3 Final considerations

The nationalization of the CTC and the constitution of COTESC reveal the conflict of interest between private capital and the state. In the early 1960s, CTC reached the limit of its accumulation: it no longer expanded its lines and only performed maintenance on the plants. Why didn't the CTC move towards the west and the border? Simply because it would require a high volume of investment with low expectations of return, as the region still lacked infrastructure and had low demographic density. Furthermore, rumors of a possible nationalization, which began with the creation, in 1965, of CONTEL and CIATEL, retracted CTC to venture into a high-risk venture.

As the absence and precariousness of telephone services were damaging the businesses of Santa Catarina companies, easily the local elite assumed the speech of

nationalization and passively watched the takeover of the CTC and the expansion of the functions of COTESC. The spirit of the time, associated with the high degree of authoritarianism promoted by the dictatorship, covered the nationalization of an optimistic and necessary aura for economic and social progress. There is no doubt that the State is the central element in the conduction of a national development project, however, nationalization, under an authoritarian regime, will reinforce the exclusionary character of capitalism. The promotion of socioeconomic development requires state participation in the economy, however, only in a democratic regime will we have more social justice.

Throughout the process of industrialization and the formation of the broad internal market of Brazilian society, the State has been expanding its functions and growing in the territory. Initially, the state presence was more intense in transport. Then, he started to assume functions in the electricity generation and distribution system. In communications, he worked in the post office and telegraphs, but, with the advent of telephony, he also needed to take over the offer of this new service. Today, it operates in the gas distribution system coming from Bolivia and in the implementation of the fiber-optic network. The privatizations and concessions of the 1990s reduced the State's participation in some sectors of the logistics infrastructure, but they did not weaken its capacity to define the direction of the economy and conduct investments in strategic fields.

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