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Rosa Freire d'Aguiar

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ROSA FREIRE D'AGUIAR

Celso Furtado: The Struggles of an Economist

Abstract: *This short article describes the life and times of the Brazilian economist Celso Furtado (1920–2004). It underlines the four major periods of his activities and evolving thought: as head of the Division of Development at the Economic Commission for Latin America and the Caribbean (ECLAC), in Santiago de Chile; in the Northeast of Brazil, where he became a man of action as head of the Sudene (Superintendency for the Development of the Northeast), a governmental agency to foster development in this region; during his long exile in France as a professor of economics; and his return to Brazil to be minister of culture, then becoming a major political and moral point of reference in the country. The article also highlights his main contributions to the theory of underdevelopment, to the economic history and regional problems of Brazil, and to the cultural dimension of development.*

Keywords: *Development, ECLAC, culture, the Brazilian Northeast, globalization, political economy*

To write an introductory article about Celso Furtado implies glossing over themes that appear to be very distinct from one another, but which, when juxtaposed, fit well into the global perspective of his work and into a life trajectory that involved both reflection and action. Celso was born in Paraíba, a small state in the Northeast of Brazil, where he lived out his childhood and teenage years. The son of a lawyer and judge, he studied Law in Rio de Janeiro. At the age of twenty-three, he followed another family tradition when he entered public service. In a kind of biographical profile, he identified some of the main influences he was exposed to during his formative years. One was positivism, and especially “the primacy of reason”

Rosa Freire d’Aguiar is a journalist, translator, and editor. English translation by Andrew Balanda.

Furtado (1973: 40). Another was Marx: “The idea that social formats were something *historical*, and could therefore be changed, gave me the opportunity to look at the world from a very different perspective” (ibid.)

During his university years in Rio de Janeiro, Celso made further discoveries, such as literature on the subject of administration and organization, the German sociology of Max Weber, and the historian Henri Pirenne. “I arrived at the study of economics by two different paths: that of history and that of organization. Focusing on these two gave me a truly global and macroeconomic outlook,” he wrote (Furtado (1973: 45). A decisive meeting with Karl Mannheim instilled in him a belief that humans *can* indeed act rationally in terms of history, and this helped him to understand that planning is a *social technique* of significant importance. With this intellectual baggage in hand, Celso arrived in France in early 1947, to dedicate two years to the systematic study of economics, and to prepare his Ph.D. dissertation at the University of Paris-Sorbonne. His careful reading of *Das Kapital* increased Marx’s influence on him, especially through his theory of history. From Keynes, he developed an interest in the notion that the capitalist economy cannot function without a certain degree of centralized decision making.

Four Important Periods

Four very specific periods clearly defined the path taken by Celso during his lifetime. The first period refers to the nine years at ECLAC between 1949 and 1957. It was there that he found his vocation as a technical economist and took on the mantle of a theoretician of development. The second period was spent in Brazil, between 1958 and 1964, when he truly became a public figure, a man of action, and a combative and reformist economist. The third period covered his years in exile, when he became heavily involved in academic work, and the fourth coincided with the redemocratization of Brazil in the mid-1980s. Celso returned to Brazil and soon became a point of reference in political circles, an authority legitimized by his own trajectory and by his hands-on approach and independent intellectual character.

In early 1949, he joined the small group that would go on to create ECLAC, headquartered in Santiago de Chile. Under the leadership of Argentine Raúl Prebisch, Latin Americans were, for the first time, able to look at the problems of their continent from a joint perspective. Development was not generally the object of study among orthodox economists, but it would be at the heart of the reflections of the first “Eclacians” and, indeed, of the structuralist school of economic thinking that would later have an undeniable influence on many, if not all Latin American countries.

In 1957, Celso went to study with Nicholas Kaldor at Cambridge University in England. It was there that he wrote *Formação econômica do*

Brasil (The Economic Growth of Brazil) (Furtado (2008b), a book that soon became a classic of economic history. On his return to Brazil, and during a period that lasted up until the military coup of 1964, which deprived him of his political rights and forced him into exile, he had a rare opportunity to combine theory and practice—to be able to influence reality was, for him, the *raison d'être* of knowledge. The Northeast of Brazil was the synthesis of this second period of his life. As head of the Sudene, Celso was able to reveal his reformist dimension, his commitment to politics, and his incredible enthusiasm (one might even say passion) in his efforts to dismantle the mechanisms that had thus far condemned the region to the role of a “problem without solution.” He left Sudene for several months to become Brazil’s first minister of planning, and to prepare the Triennial Plan for Economic and Social Development. The plan was not, however, a success. There was already a feeling within the politically turbulent atmosphere of the João Goulart administration that, on the back of the recent victory of the Cuban Revolution, right-wing forces, backed by the United States, would not allow the Brazilian president to complete his mandate.

Exile first took Celso to Yale University, and in 1965, he returned to his alma mater, the Sorbonne, where he spent the next twenty years as a professor of development economics and Latin American economics. This third significant period in his life was his most productive, and while abroad he wrote ten books. It was no coincidence that the Social Science Citation Index (SSCI) made 694 references to Celso in the years between 1971 and 1983 (cf. Denslow 1985).

Three works, in my view, best show the evolution of Celso’s thoughts during these years. The first is *O mito do desenvolvimento econômico* (1974; *The Myth of Economic Development*). Like most social scientists, he was very impressed with the study carried out by members of the Forrester Institute at the Massachusetts Institute of Technology for the Club of Rome, where for the first time it became evident that the standards of development adopted by wealthy countries could not possibly be adopted universally. If they were, then their ecological consequences would lead to global collapse and, as Celso argued, to even more extreme social exclusion, thereby depriving the majority of humanity of the benefits of development.

If the *Myth of Economic Development* questioned the model of development, then the book that followed it questioned the instrumental reasoning of those who defended it. In *Prefacio a Nova Economia Política* (1976; *Forward to a New Political Economy*). Celso sought to resume “the economic tradition, prior to Ricardo, of a global social science, which requires that one start with a broader conceptual picture than the one we are generally used to in *economic analysis*.”¹ He challenged the methodology of economic science, considering it insufficient, and denounced the generalized and often extreme use of mathematics and the large econometric models that often ignore important variables.

Dialogue with other fields of knowledge was highlighted in his next work, *Criatividade e dependência na civilização industrial* (2008a; Creativity and Dependence in Industrial Civilization). This was one of those texts “that we write when we are nursing a multitude of illusions and want to produce a summary of our own ideas,” he wrote.² Its most fascinating theme involved a historical and philosophical perspective that showed a link between culture and development.

During the fourth important period of his life, when he returned to Brazil in the mid-1980s, Celso produced numerous works about economic policy, some very confrontational, in an effort to unravel the tangle of foreign debt crisis, recession, the aftermath of the military regime, and the urgency of the redemocratization process facing Brazil. Then, after leaving his post as minister of culture, in 1988, he was able to relax somewhat and write something a little more lightweight, namely, his memoirs (Furtado 2014).³ During the 1990s–2000s, he set about writing some short books on subjects that were close to his heart: the impact of transnationalization and globalization on the capitalist economy, Brazil’s role in the new world order, and the cultural and social dimensions of development.

Work and Contributions

Celso died at the age of eighty-four, surrounded by the recognition of his peers for his great contribution to economic theory and especially to political economy, and for his struggles in favor of development, the origins of which he sought to understand from multiple perspectives. The online catalog at the Celso Furtado Library includes fifty theses on him and a bank of academic articles that exceeds 200 works (www.bibliotecacelsofurtado.org.br). There is general agreement that Celso was a leading figure in the fields of development economics, economic theory, planning, the Brazilian economy, culture, regional issues, the structure of capitalism, and globalization. I am not an economist but I did live many years alongside the man about whom I am writing. I have read and reread his works, I have looked after his collection for the past ten years, and I have dealt with the republication of his works. I would like to highlight four important aspects of his work.

The Theoretician of Underdevelopment

Underdevelopment is the underlying theme of Celso’s work, and he once wrote: “If I had to point to one single idea as being a synthesis of my reflections as an economist, then I would say that it was the dichotomy of development-underdevelopment” (Furtado 2002: 78). In *Desenvolvimento e subdesenvolvimento* (1961; Development and Underdevelopment), Celso

outlined his theories on underdevelopment. It was his efforts to understand Brazil's *backwardness* that led him, in his words, to start thinking about the *specifics* of underdevelopment. Some economists used analogies with developed countries to explain this issue. Celso, instead, proffered a theory that there were two very different processes involved. In short, he believed that underdevelopment was: (a) beyond the explanatory reach of economic growth theories; (b) not a stage through which countries with a high level of development had necessarily passed; and (c) an autonomous historical process resulting from specific structures, thereby requiring a theoretical interpretation all its own.

Celso refined and expanded this theory in *Teoria e política do desenvolvimento econômico* (1967; Theory and Policy of Development), and in *Breve introdução ao desenvolvimento* (1979; Brief Introduction to Development). Economist Octavio Rodriguez, from the Universidad de la República, in Uruguay, wrote that Celso was the first to use the expression “theory of underdevelopment” (Rodriguez 2006). His colleague, Joseph L. Love, from the University of Illinois, considered him to be the first to “specifically state that development and underdevelopment are both part of the same process of international capitalist expansion” (Love 1996: 153). Celso was seen as a pioneer in this field of thought, and many would later follow in his footsteps.

The Economist as a Historian

Formação econômica do Brasil is full of Eclacian structuralism, which highlights the importance of noneconomic parameters and the historical context. In this book, he draws upon history and economics to explain the roots and structures of Brazil's underdevelopment. Another novelty of the book was Celso's mapping of the origins of Brazil's backwardness by looking at the country's economic cycles, such as those led by sugar and gold. A pioneering work of economic history, *Formação* was translated into nine languages, including Japanese, Romanian, and Chinese, and helped launch other Latin American “economic histories” (see Ferrer 1963; Pinto 1959; Sunkel and Paz 1970). Ten years later, Celso would use the same tools and the same focus to write a history of the economic development of Latin America: *A Economia latino-americana* (2007; The Latin American Economy).

The Regional Question

In 1958 the Northeast region of Brazil suffered a serious drought that left 500,000 people in dire straits. After living ten years abroad, Celso returned at this time to Brazil and took up the post of director at the Brazilian Development Bank. Having left his home in the Northeast at the young age

of nineteen, he now saw an opportunity to put his experience and talents to good work in his birthplace. He carried out a detailed study of the problem and suggested that the system of aid and emergency works should be replaced with a plan of structural reforms and stimulus of economic activities more suited to the region's specificities. At this time, the country was faced with a new regional issue. The Mid-South was rapidly industrializing while the Northeast was being held back by the largest concentration of poverty in the western hemisphere: "You can't have an industrial system with a regional base and a set dependent and subordinated primary economies coexisting in the same country for one simple reason: the country's economic relations will automatically tend toward different forms of exploitation," he wrote (Furtado 1959: 13). In other words, the unequal exchange between the center and the peripheries, which Celso had learned about at ECLAC, was being reproduced within Brazil itself. The regional development policy that he conceived as the head of Sudene included the shift of the frontiers of agriculture to more humid regions, the guarantee of food supplies and the encouragement of industrialization. This range of reforms was implemented with the support of the political establishment. In Celso's view, the participation of political forces was key to the success of any attempt to inject development and progress into a given society, especially in poor regions.

The Cultural Dimension

The theme of culture always had an important place in Celso's thoughts, brought on by his own intellectual evolution and boosted by his becoming minister of culture. Octavio Rodríguez (2006) has pointed out that he differed from other Latin American structuralists in that he was the first to emphasize the concept of culture and its importance to the theorization of development. Since it is impossible to think of material enrichment if it is accompanied by cultural impoverishment, Celso saw culture as a coherent whole, made up of the material and the nonmaterial. Full development was thus endowed with two processes of creativity, one relating to "*technique*, to the efforts of man to provide himself with tools," and the other linked to "the end use of these means, to the values that man adds to his existential assets" (Furtado 1984: 107).

To study development from the perspective of culture and creativity was an innovative approach, and one of the most original theoretical contributions of Celso's work. During his years as minister of culture, and later, as a member of the World Commission on Culture and Development, his thoughts on culture were steadily enriched: in his works produced between 1970 and 1980, culture was considered *one element* of any development project, but in his texts written between 1990 and 2000, he viewed culture as being the *synthesis* of development.

The Intellectual Legacy

Today Celso is read by researchers from many areas outside the field of economics, which include international relations, political science, cultural studies, and more recently, law. The relevance of his ideas can, in my view, be expressed above all by two themes, which he consistently dealt with and, to this day, are subjects of great interest: (a) the specificity of underdevelopment, and (b) the consequences to peripheral countries of a weakening of national states within the scope of globalization. Beginning with the second of these themes, I remember that ever since the 1970s, Celso's texts had warned against the problems that the new international configuration would create for developing countries. These would include a worsening in the concentration of income, both in developed and underdeveloped countries; a situation where the industrial sector, a major source of employment creation, would inversely begin creating unemployment; and the new push for technology, which would exacerbate the problems of social exclusion. These are the natural corollaries of the specificity of underdevelopment. We continue to face these problems and other problems in Brazil and indeed in other regions, which Celso referred to more than half a century ago as the "peripheries."

Italian novelist Italo Calvino enumerated in *Por que ler os clássicos?* (*Why Read the Classics?*) some answers to that question. One of these suggested that "The classics serve to help us understand who we are and where we have got to" (Calvino 1991: 30). I appeal then to Calvino to stress the permanence of Celso's works. But I also appeal directly to Celso, who once wrote: "Ideas don't always become obsolete over time: sometimes, they even gain importance" (Furtado 2014: 465).

Notes

1. Letter to Fernando Henrique Cardoso, April 7, 1976.
2. Letter to Albert Hirschman around February 1979.
3. Furtado (2014) is an edition containing the three books of the author's memoirs: *A Fantasia Organizada* (The Organized Fantasy) (1st ed. 1985), *A Fantasia Desfeita* (The Undone Fantasy) (1st ed. 1989), and *Os Ares do mundo* (The Air of the World) (1st ed. 1991).

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