BRAZIL OF THE PAST AND OF THE FUTURE: CELSO FURTADO, POLITICS AND UNDERDEVELOPMENT

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RESUMO
No atual contexto político, econômico e social, marcado pela ascensão liberal-conservadora, é premente a retomada dos clássicos do pensamento social brasileiro. Celso Furtado oferece uma vasta literatura para pensar o Brasil, por uma perspectiva desde a América Latina, construindo um aporte teórico marcado pela discussão do subdesenvolvimento, criatividade e dependência, que permite a avaliação crítica da realidade brasileira. A materialização de sua teoria encontra aplicação no desenho de um projeto nacional de desenvolvimento, marcado pela reflexão teórica e ação concreta, na busca de superação das amarras colocadas ao desenvolvimento brasileiro.
Palavras-chave: Celso Furtado, Desenvolvimento, Subdesenvolvimento, Brasil, Autoritarismo.

ABSTRACT
In the current political, economic and social context, marked by a liberal-conservative rise, it is urgent to return to the classics of Brazilian social thinking. Celso Furtado produced a vast literature on Brazil from a Latin American perspective, developing a theoretical contribution marked by the discussion of underdevelopment, creativity and dependence, which allows the critical evaluation of the Brazilian reality. The materialization of his theory finds application in the design of a national development project, marked by theoretical reflection and concrete action, in the search of overcoming the bonds restraining Brazilian development.
Keywords: Celso Furtado, Development, Underdevelopment, Brazil, Authoritarianism.
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BRAZIL OF THE PAST AND OF THE FUTURE: CELSO FURTADO, POLITICS AND UNDERDEVELOPMENT
"I had to take care of the pressing issues. The dog, my companion in long walks on the sands of the beach, I gave to the neighbor’s son, who was fond of him. What I had of kitchen utensils and kitchenware, I gave them to the lady who took care of the house (...) Two days after my voluntary confinement, one of the most senior military officers - there were several of them, almost all specialists - who worked under my orders in SUDENE and in the companies created by it visited me. He showed me, embarrassed, a paper signed by the Fourth Army Commander [assigning him] to replace me; a small fact that served to warn me that we were no longer living under the rule of law, a military dictatorship had been installed in the country." Celso Furtado, A Fantasia Desfeita (The Lost Fantasy, 1989)

It is time to return to the classics. This text was written between September and October 2018, on the eve of the legislative and executive elections at the state and federal levels. It was a hard, difficult context of interminable frays and the apparent triumph of the unwary. As Nelson Rodrigues would say, "ignorance has lost its modesty [and shame]," and what seemed buried in the past returns enraged and armed to the scene, like Hades son of Cronus and Rhea, who in Greek mythology represents the world of demons and the depths. Again we see, on the one hand, democracy and its defense, and, on the other hand, rampant militaristic conservatism, leading us to the edge of the abyss. The most optimistic, like us, hoped that after three decades of political openness, democratic institutions would have become firmly rooted in our society and in its set of ethical and moral values, embodied in the social pact of the 1988 Constitution. However, now we face a new crusade against democracy and freedom.

The current political fraying occurs in the context of the greatest economic crisis in the country's republican history. In 2014 the Brazilian Gross Domestic Product (GDP) grew by only 0.5%. After that, both in 2015 and 2016, GDP decreased by 3.5%. In 2017, there was a modest growth of 1.0%, with optimistic projections of a 1.4% increase for 2018. The national economy is definitely facing difficulties in the search for a new development model and in an international context that is not auspicious, presenting as yet no glimpse of concrete solutions to the crisis of capital. As a result of the low dynamism, data from the National Household Sample Survey (PNAD) conducted by the Brazilian Institute of Geography and Statistics (IBGE) indicate that in the second quarter of 2018 there were thirteen million unemployed in the country, a dismal social scenario. Self-employment, often informal, is already a reality in the lives of one in four Brazilians.
Discussions on economic development - or on underdevelopment and how to combat it - seem to have become outdated in the present context. There are few viable alternatives pointing to the establishment of an internal center of decisions (in Furtadian terms), in a context of a consolidated transnationalization of capital that indicates a long permanence in historical terms. This logic, characterized by the integration of financial markets, has reduced sovereignty in economic policy and made it increasingly difficult to establish an autonomous monetary policy that is not recessive (FURTADO, 1992: 15), condemning Brazil to halt its pursuit of opportunities for material, cultural and civilization progress, that is, its own project of future.

The dramatic crisis scenario was described by Furtado in 1993:

"Today we live in a time marked by a total loss of course. There was a time when there was a utopia, the man of Western civilization has always lived clinging to some utopia, with the idea that the future belongs to a higher being. The Greeks had a very pessimistic idea of the future, they thought the past was important, and the myths were in the past. Western civilization is marked by all this, and the very idea of providence, which is in the mind of every Christian, is intertwined with this. It turns out that for the first time we are facing a kind of emptiness. The future is a black hole that results, in my view, essentially of the path taken by science and technology. Man's action on the planet, although based on scientific knowledge, changed the interpretation of the planet itself and led to this very serious situation of destruction of the natural resources stock, of the ozone layer, of a total ecological tragedy. All this leads us to a situation of pessimism, of uncertainty about the future." (Kugelmas, 2011: 380).

It is precisely in this adverse context, already described by the author in the early nineties, that we assume the task of presenting to readers some relevant and current points of Celso Furtado's theoretical-historical framework and social project, as well as the diagnosis of the nation’s and the people’s difficulties related to neoliberalism and its associated structural changes. Is the author's thinking capable of illuminating the paths to a new national development plan today? Are we able to undo the bonds of the economic and cultural dependence that afflict Brazil in a context of transnationalization of capital?

The “demiurge” and the diagnostics: the Underdevelopment

Formerly a member of ECLAC (United Nations Economic Commission for Latin America), Furtado based his theoretical-sociological approach on Max Weber (social action, ideal type, rationalization of life), J.M. Keynes (effective and aggregate demand, the role of the
State, investment), Karl Mannheim (sociology of knowledge\(^4\) and ideology), J.A. Schumpeter (circular flow of income, technological innovation) and Raul Prebisch (deterioration of the terms of trade, center-periphery relations), all eminent theoretical and humanistic references. On the other hand, on the historiographical level, he was captivated by the School of the Annales, by Capistrano de Abreu, Roberto Simonsen, Gilberto Freyre, Sérgio Buarque de Holanda and, especially, by Caio Prado Jr., for whom he cultivated a veiled admiration. The combination of a rare formation of excellence at both theoretical and historical levels provided Furtado with creative possibilities unprecedented in the construction of a complex approach to the relationship between theory and history, weaving a self-structuring framework\(^5\), whose goal had always been to intervene in and transform reality, a kind of demiurgic process.

Let us leave aside Economic Formation of Brazil, published in 1959 and very well and widely known. But not because we do not consider it a masterpiece of tensioning the relations between history and theory and of the application of the historical-structural method, a paradigm for a whole generation of Latin American researchers and policymakers. We will do so because we would not add anything to what was highlighted by Francisco de Oliveira in his essays on Celso Furtado (OLIVEIRA, 2003: 83-102) and in a collection of articles organized in commemoration of the 50th anniversary of this classic book organized by Araújo, Vianna and Macambira (2009).

Let us turn to Development and Underdevelopment, a book published in 1961. In this work, Furtado points to a theory of underdevelopment, indicating that the classical models of industrial development, as conceived in the great university centers of the Western world, have purposes limited to the peripheries of the system (FURTADO, 1961: 163), since they present the fundamental flaw of ignoring that the economic development has a clear historical dimension, in a direct criticism to post-war authors like Kaldor, Harrod and Domar\(^6\). Thus freeing himself from the moorings of these models in his first work of broader theoretical

\(^4\) In the documentary The Long Dawn - a biography of Celso Furtado, 2007, Maria da Conceição Tavares characterizes, at 47 minutes and 16 seconds, Celso Furtado as a "Man of Action", at the same time an Intellectual and a Politician.

\(^5\) "Thus, there is no theory that applies to history, nor the opposite, a history that is explained by theory: progress is made by weaving threads of a self-structuring construction." This is what is new in Celso Furtado (OLIVEIRA, 2003, 84). The term "Demiurge" is borrowed from Francisco de Oliveira (2003).

\(^6\) Nicholas Kaldor in "A model of economic growth" (1971), Harrod in "An essay in dinamic theory" (1949) and Domar in "Capital expansion, rate of growth and employment" (1947). We also quote Paul Rosenstein-Rodan and W. Arthur Lewis.
ambition, Furtado points out that an abstract model, derived from a limited historical experience and the articulations of certain specific structures, cannot claim a high degree of generality (FURTADO, 1961: 164). Referring to the developed economies, the author thus analyzes the question of its derivation and historical validity:

"Once overcome the first stage of development, during which the old economic structures were eroded, the dynamic factors of the industrial economy begin to operate, simultaneously, on the supply and the demand, (...) the intimate interdependence between the evolution of technology in industrialized countries and the historical conditions of their development is clearly evident. This technology, as presented today, incorporated into industrial equipment, results, therefore, from a slow decanting process. This process was only influenced, in a crucial way, by the specific conditions of some nations, especially England and the United States, countries that, in several points of view, constituted a single economic system. To derive an abstract model of these economies’ mechanism, at its present stage, and to attribute universal validity to it, would be a reincarnation of the homo economicus, from whose rudimentary psychology the classics sought to establish fundamental economic laws. The obvious duality that exists and is increasingly strengthening between developed and underdeveloped economies requires a formulation of this problem in different terms." (FURTADO, 1961: 178, emphasis added).

In other words, the effects of linkages and the impacts of technological advance on society as a whole were more homogeneous in developmental structures, i.e. in the links associating increase of productivity, expansion of total wage bill and growth of final goods demand. The expansion of production, caused by the increase in productivity and certain time gap effects related to technological diffusion, led to an increase in production costs, basically due to the expansion of the wage bill. This phenomenon, on the other hand, led to an increase in disposable incomes, expanding the demand for final goods, further boosting production and the technological spiral that placed the countries that we call developed at the center of the capitalist system, due to their dominion over science and innovation.

The increase in productivity had a positive impact on total wage bill, considering, as reference, the most equitable distribution of income and its corresponding social homogeneity. In addition, the drive to increase productivity crossed all productive chains, establishing a virtuous circle between the sectors producing capital goods and producers of consumer goods, or, in the words of the author himself, constituted a single economic system. The primacy of

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7 This criticism of development models is not gratuitous. In doing so, Furtado pointed to the inaptitude of liberal (and later neoliberal) ideas in relation to the interests of development projects aiming a greater degree of autonomy in the peripheries. The theme appears in several works of the author, of which we highlight in this brief note the book *Creativity and dependence in industrial civilization* (1978) and *Brazil: Halted Construction* (1992).
the internal market in product formation is highlighted by Furtado, with exports being complementary to internal dynamics⁸. As shown in Figure 1 below:

*Figure 1 – Virtuos circle of growth in developed economies*

![Diagram of virtuous circle of growth](source)

The effects seen above, due to a series of historical determinations, did not meet objective conditions of being replicated in countries that had a colonial past (slavery), in spite of influencing a whole family of mainstream models.

Recognizing the theoretical void in the analysis of poor countries’ histories, Furtado offered his greatest contribution to Brazil and Latin America: The Theory of Underdevelopment, in an effort to "think of itself based on itself," without sliding into any national inferiority complex. The colonial past, the issue of labor supply, center-periphery relations, the international division of labor, structural heterogeneity, the distribution of economic surplus and the uneven development⁹ dynamics are central elements in the analysis. The author notes that the impact of the expansion of capitalism on the archaic structures varied

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⁸ Vladimir Lenin took the opposite position, indicating the importance of the export of capital in the context of monopolistic capitalism. (LENIN, 1979: 60).

⁹ “Despite all the possible predecessors that may be cited as inspiring the ECLAC theorizing of underdevelopment, of which Celso Furtado is one of the authors, there is little doubt that the concept of underdevelopment as a unique formation of capitalism - and not as a link in the chain that goes from underdevelopment to a developed status - is a creation whose depth and heuristic power in relation to the specificity of the Latin American periphery were only fully achieved with the work of ECLAC and its more comprehensive and in-depth elaboration by Furtado.” (Oliveira, 2003: 109).
from region to region, according to local circumstances, the type of capitalist penetration and its intensity. However, the result was almost always the creation of hybrid structures, with sectors tending to behave as a capitalist system and others remaining within the preexisting structure (FURTADO, 1961: 180).

Underdevelopment, then, is characterized as an "autonomous historical process, not a necessary past stage of the economies that have already reached a higher degree of development" (FURTADO, 1961: 180). The author's thinking is that developmental processes have singularities that derive from the fact that each social formation is specific and unique, rejecting a-historical and a priori views. In this sense, each nation is unique in its development process, and the understanding of these processes must take into account with all its specificities; i) the relations between countries in the context of an international division of labor, ii) the pattern of accumulation of wealth over time, and iii) the reproduction of underdevelopment, since its mechanisms are not static but changeable in time and in space, considering the existing accumulation patterns and the specific relations established with different hegemonies. In other words, to analyze the singularities of (under) development one must integrate into the practice of economists and social scientists the knowledge and tools of historians: time and space.

The effects of technological diffusion in underdeveloped countries will be diametrically opposed to what we have seen above. The expansion of production is associated with a pattern of technological diffusion that does not meet peripheries’ specificities, since these economies do not dominate the core of innovation and technology and incorporate technologies that are not compatible with their needs, resulting in a non-proportional expansion of production costs. In this context, structural heterogeneity acts both at the regional level and at the social, ethnic and racial levels. Moreover, due to the dual reality that characterizes the countries with a colonial past - that is, the existence of a modern and dynamic sector in coexistence with an archaic and stagnant sector (in terms of productivity) - there is also the problem of scale and production scopes not suited to Latin American realities and, therefore, dysfunctional to income distribution.

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10 Expression coined by Aníbal Pinto in 1970, in "Structural Heterogeneity and Model of Recent Development".
The disproportionate expansion of production costs is associated with a concentration of wage bill growth in more modernized and industrialized regions of the periphery, usually ultra-dynamic and characterized by some social mobility\(^\text{12}\), a situation which obviously leads to the chronic and striking regional inequalities within the same country. In this context, the expansion of the demand for final consumer goods will require a privileged social class with enough purchasing power to enable a conspicuous consumption at the level of the consumption pattern of elites and upper middle and international cosmopolitan classes\(^\text{13}\). It is a logic of cultural imposition, mimicry, which condemns our elites to recognize themselves as modern and to maintain their status quo based on their consumption pattern. The modernization of consumption patterns, observed in the system’s peripheries, becomes the clear proof of underdevelopment, of a society that sterilizes internal savings by pursuing the unreachable. This is followed by a new round of production expansion, which will evidence and fuel underdevelopment’s structural imbalances on ever-widening scales of income concentration, irrationalism and barbarism. Let us see below the synthesis of the argument:


\(^{13}\) This idea is most clearly posed by Celso Furtado in “Analysis of the Brazilian model,” written in 1975. This book, alongside “The Myth of Economic Development”, of 1974, is an unfolding of the debates with Conceição Tavares and José Serra in 1972. According to the authors “Furtado links economic stagnation to the loss of dynamism in the process of industrialization supported by import substitution. In this sense, it focuses its analysis on the evolution and behavior of the structure of demand dependent, in turn, on the distribution of income (...). Progressively, the range of possible and profitable substitutions became restricted to high-value durable consumer goods and capital goods (...) and this would have created important problems of scale” (Tavares & Serra, 1977: 160). “Our idea is that the [1960s] crisis that accompanies the exhaustion of the substitution process represents, at least in the case of some countries, a situation of transition to a new capitalist development scheme. This can present very dynamic characteristics and at the same time reinforce some traces of the substitution ‘model’ of growth in its more advanced stages, ie social exclusion, spatial concentration, as well as the delay of certain economic subsectors in relation to productivity levels” (Tavares & Serra, 1977: 157, emphasis added). The criticisms are especially directed to the book Underdevelopment and Stagnation in Latin America, published in 1966. For the debate on stagnation see Salm (2011).
"In a general way, all the forms that human creativity assumes can be put at the service of the process of accumulation. But those whose results are by nature cumulative – science and technology – are the ones that best meet the demands of this process, which gives them the privileged place that they occupy in industrial civilization [referring to developed countries]. (...) The creation of new social forms is certainly inseparable from a system of values (...) In an objective sense, this kind of accumulation [in the peripheries] creates sharper social antinomies than those that characterized the development of capitalism in the countries that went through a bourgeois revolution. But the effects at the political level are far from having the same relevance. In one way or another, the mass of the population is kept under tutelage: the salaried masses participation in the political process is carried out under the control of groups that integrate the traditional structure of power. (...) Given the specificity of the problems in these countries [peripheries] of an intensifying accumulation, inventiveness in the sphere of social forms is as or more important than in other contexts. The tendency to mimicry, fueled by ideological domination, replaces one form of immobility with another." (FURTADO, 1978: 77-82).

The role of institutions in this process must also be highlighted, since the State, with Brazil as an example, will perform important tasks regarding fiscal and exchange rate mechanisms, allowing some margin of predictability for external investors, as well as the implementation of direct investments in infrastructure. Moreover, it will also be incumbent
upon the State: i) the extension of the wage scale, by promoting the wage squeezes typical of authoritarian periods (although not only of them); ii) the provision of subsidized credit to elites and transnational corporations via Development Banks, or even providing resources via the corruption typical of the military period\textsuperscript{14}; iii) the maintenance and expansion of rent-seeking (see PAEG reforms, for example); iv) the management of inflationary gains from financial instruments that are inaccessible to the poor and the normalization of the inequality in living standards of the richest and the poorest.

Considering long-term observations, we present below the evolution of real minimum wage between 1940 and 2018. In it we can note how, after the enactment of the Consolidation of Labor Laws (CLT), there were gradual and significant real increases in the minimum wage, caused, of course, by a greater political awareness and the popular demonstrations typical of an open political regime. It should be noted here the Rural Workers' Statute of 1963, which extended minimum wage requirements to these workers. With the civil-military coup of 1964 this tendency was automatically repressed, intensifying what we might call a (Brazilian-style) predatory accumulation, which establishes a paradigm of high concentration of wealth. For instance, while in Germany (then West Germany) wages participation in GDP in 1980 was 50\%, in Brazil wages represented 17\% of GDP in the same year. In fact, comparisons with developed countries may not make much sense; let us, then, consider Mexico: in this country, for the same year, the share of wages in GDP was 37\% (COSTA, 1997: 64).

Since the New Republic (whose political cycle apparently ended in 2016), the real minimum wage has resumed, especially after 2003, a more prominent upward trend. However, we are still far from the levels before the coup in 1964, severely impacted by the events of March 31 - the day that lasted 21 years. It is a fact that democratic retrenchment and the impossibility of collective action, combined with the sudden displacement of the model that apparently was pointing toward a better income distribution, has amplified and perpetuated negative effects on Brazilian economy and politics: poverty combined with a lack of politicization\textsuperscript{15}.

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\textsuperscript{15} The question of social inequality increase, especially in the period of the "economic miracle" (1968-1973), drew attention even from mainstream economists, who were concerned about the deterioration of the social fabric of the authoritarian regime: "It seems clear that workers in general did not benefit from the growth of the country's real
Considering the linkage described in Figure 2, the expansion of production - which deserves to be highlighted separately - involve overlapping mechanisms that reinforce dependence. Of all the tools for dominance available to the central countries, within the international power structure, the most robust is the control of technology. This is what enabled income in proportion to its evolution. Wages, in cases where they have not declined, have grown in most categories at rates much lower than productivity or per capita output, and labor income did not show gains as a percentage of the total.” (LAKE, 1989: 294).
transnational corporations, especially from 1973 onwards, to look at the peripheries as an important source of financial market resources\(^\text{16}\), granting transnational corporations the *Power of Ares*.

Access to certain peripheral markets of great potential was at the time (and it still is today) a strategic objective for a large number of transnational companies. Entry is easier for companies that already have a distribution network, which control a share of the market through imports, which already have connections with the local financial system (FURTADO, 1978: 107). Thus, the investment represented by the installation of a subsidiary in a peripheral country is small, with minimum entry barriers in these markets. Correspondingly, competition is characterized by monopolistic structures due to the technological and productive gap between locally installed capacity and the transnational enterprise. This leads, following Furtado, "to the fragmentation and segmentation of the market through the multiplication of models and an advertising saturation, with an inherent underutilization of productive capacity and high social costs" (FURTADO, 1978: 107).

In this process of international expansion, of course, the control of the company (subsidiary) and representatives of its marketing, production and financial departments should be transferred progressively towards the country's internal decision centers. If local control extends to many sectors due to the complexity of the target market (this is the case in Brazil), a critical mass is created that allows pressure on transnational companies to transfer technology under less costly conditions. According to Furtado, it is possible to employ technology according to defined objectives and to create a market for locally produced technology. However, the purposes of this policy can be totally frustrated if this critical mass is not obtained (Furtado 1978: 108). The author, on this point, seems to get to the rub of the question, when linking the establishment of transnational companies in Latin American countries to the non-transference of technology and authoritarian and servile policies, *wrecking* any possibility of establishing an internal center of decisions, mainly during the military dictatorship period. This is another legacy of the civil-military coup of 1964. Let's see how the idea was delineated in 1962.

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\(^{16}\) Reference to Eurodollars and subsequently to petrodollars. (Furtado, 1978: 106).
The issue of an internal decision-making center, although present in *Creativity and Dependence in Industrial Civilization* in 1978, was already outlined in *The Brazilian Pre-Revolution* of June 1962. In this work, already showing a mature understanding about underdevelopment – at a time when he was the head of SUDENE, and just before being appointed Minister of Planning in September - Furtado gives us a brilliant exercise in anticipation by foreseeing the military coup in a book inspired by the philosophy of action. According to the author, in 1962:

"(…) our country’s economy has reached a degree of differentiation - which is distinct from the conventional level of development measured by per capita income - that has allowed the main decision centers of economic life to be transferred to the country. In other words, the recent development of the Brazilian economy is not only based on the increase of the average income of the country’s inhabitants, but also took the form of a progressive differentiation of the economic system, which gained an increasing individualization and autonomy. Brazil is repeating, to a certain extent, the experience of Japan in previous decades: the attainment of self-determination in the economic field still in a stage characterized by a level of per capita income typical of an underdeveloped country. As a result of this structural change, the effectiveness of our economic policy decisions has greatly increased”. (FURTADO, 1962: 09)

Furtado assumes a dual premise: i) that an open political regime has provided gains in productivity and economic complexity, including the internalization of part of the decisions (strategic from the point of view of the Brazilian State) and; ii) that Marxism, in spite of its influence on youth at the time, was not a model for Brazil. The strategy then, already in the eve of the coup, was to disqualify socialist experiences by looking at the relationship between freedom and development. Furtado affirms: "If we were to accept as a valid thesis that the economic development of the socialist countries was a counterpart of the curtailment of civil liberties, we should also accept as true the corollary that the price of liberty we enjoy is the retardation of general economic development” (FURTADO, 1962: 22). Looking to the left and to the right, the reformist Celso Furtado did not see in these paradigms possibilities of development in an open society. The struggle here was for the advancement of grassroots reforms, for the conquest of higher forms of political-social organization - still confined to the working class and excluding the peasantry - and the vertical advance of industrialization in a typical technological catching up. We infer that in that moment,
in 1962, Furtado, despite his anti-Marxism\(^{17}\), concentrated his analysis (veiledly) on the possibility, posed since 1954, of a military coup that would prevent the basic reforms fundamental to capitalist development in Brazil. Therefore, its action guidelines at the time proposed: i) prevent any form of retrocession in our political-social system; ii) create conditions for a rapid and effective change in the country's anachronistic agrarian structure (FURTADO, 1962: 31).

The issue of the agrarian structure was pressing. In a capitalist economy, a permanent shortage of labor leads to an increase in real wages, which, in turn, strongly stimulates saving-labor technological innovations. Accelerated technological advance is the basis for maintaining profit rates; and to prevent the collapse of effective demand and unemployment, the economy must absorb these profits in a continuous stream of new investments, that is, the economy must keep growing, indicating that the policy of full employment entails a development policy. In the economic crisis that had already been announced in 1962, in the aftermath of efforts to implement a policy of import substitution industrialization (ISI) and its caused imbalances, Furtado affirmed that the Basic Reforms (and the Triennial Plan) should be understood as factors that would allow to combat structural imbalances arising from agrarian issues\(^\text{18}\).

In particular, he is concerned with the Brazilian Northeast\(^\text{19}\) that, in the author's words, "being incapable of competing, become traumatized or disintegrated." Furtado saw as necessary a rapid process of industrialization and, simultaneously, to rebuild the agricultural economy

\(^{17}\) Also expressed in other works, see Theory and Politics of Economic Development, 1967. In the documentary The Long Dawn - a biography of Celso Furtado, 2007, the author himself, at 26 minutes, talks about this issue, appearing to indicate that adherence to Marxism, at that time (1950s) and from the point of view of its political practice, could close some doors, considering the context of the Cold War.

\(^{18}\) However, the military governments' strategy took a different turn: "The fact is that the great leap forward undertaken by the military presupposed an acceleration of industrialization - the so-called modernization - without far-reaching structural reforms and without a process of mobility since the great objective of the national elites was to advance capitalist accumulation without giving up control over social change, or, in other words, the goal (achieved, as it happens) was to ‘freeze’ the class struggle, the historical time, evidencing a sociopathic resistance to change. Thus the painful modernization of agriculture in the 1960s and 1970s had as one of its preconditions the defeat of any proposal for an effective agrarian reform, opting for a capitalist development in the countryside with the maintenance of the previous land structure. This, of course, excluded a significant portion of the Brazilian population from the ‘benefits’ of productivity gains and accentuated the inflationary pressures intrinsic to the model, as it would otherwise drive people out of the countryside on an even more overwhelming scale." (NAKATANI, P. FALEIROS, R. VARGAS, N. 2012: 236)

\(^{19}\) Celso Furtado, in all his analysis of the Brazilian Northeast, is inspired by the region described in Economic Formation of Brazil, in 1959, always the old Northeast "characterized by a increasingly pronounced reversal to forms of subsistence economy, with atrophy of the division of labor, reduction of productivity, fragmentation of the system into smaller and smaller productive units, disappearance of more complex forms of social coexistence, substitution of the general law for the local norm." (FURTADO, 2004: 113)
on a new basis, which of course would be a large task with important financial implications, which, according to the author, could occur, considering the multiplier effect, given a 1% transfer of the country’s center-south net product, which would generate a net investment rate of 7% in the Northeast. The issue is thus described in 1962:

“The old colonial structure is buried in the past. Economic development today is basically a process of industrialization. This development has deep roots and has reached a stage of semi-automation: whatever obstacles stand before it, everything indicates that it will still move forward. This fact translates into the general awareness that it is the duty of any government in this country to make development its great goal. (...) The case of the underdeveloped economy, however, is different. State actions do not restrain the performance of private entrepreneurs; they create conditions for them to emerge and consolidate. (...) it is now a fundamental qualitative change, the economy is endowed with its own dynamic element: with industrial investments supported by the internal market, each new impetus forwards would mean greater structural diversification, higher levels of productivity, greater mass of resources, new investments, faster expansion of the domestic market, the possibility of constantly advancing.” (FURTADO, 1962: 40 et seq.)

In a clear opposition to liberal theses, Furtado focuses above on the potentialities of the internal market and on national integration policies (promoted by the State, in typical crowding-in process) as essential elements for overcoming underdevelopment. However, his project for Brazil, developed more elaborately in 1969, was defeated, highlighting the historical unfeasibility of his viaticum and the magnified persistence of underdevelopment’s deleterious effects as we have seen above. The Basic Reforms were frozen during twenty-one years of growing inequality accompanied by high dynamism. Furtado’s works from this moment on became absolutely critical of the growth strategies adopted by the military governments. Celso Monteiro Furtado was included in the first list of citizens that had their political rights suspended for ten years by the dictatorship’s Institutional Act no. 120. At that moment, he had to leave his dog in the care of his neighbor’s son and the household utensils with the cleaning lady, as we have seen in the epigraph of this text.

Already in exile, after a period in Chile and France, Furtado participated in different missions of the United Nations (UN) and was Visiting Professor at American University (Washington, D.C.), Cambridge University and other institutions. He wrote a series of articles.

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20 He would return to public life in 1985, when he was invited to participate in the Tancredo Neves administration’s Action Plan Commission, and soon afterwards he was appointed Ambassador of Brazil to the European Economic Community, moving to Brussels. From 1986 to 1988 he was Minister of Culture of the José Sarney government.
lectures and chapters that would compose one of his seminal works: *The Myth of Economic Development*, published in 1974. In it, criticizing the concept of development, he points out that the generalization hypothesis - of the consumption patterns that prevailed at the time in central countries - does not fit within the apparent evolutionary possibilities of this system (FURTADO, 1974: 74). Capitalism, in that path, would lead to a cataclysmic rupture if universalized, and this is a perfect demonstration that the way of life created by industrial capitalism will always be the privilege of a minority. In clear criticism of the economic model of the military governments and their "great leap into chaos," he states: "The cost, in terms of depredation of the physical world, of this lifestyle is so high that every attempt to generalize it would inevitably lead to the collapse of an entire civilization, putting at risk the chances of survival of the human species" (FURTADO: 1974, 75).

Again, he criticizes the development models and their generalizations, mistakenly pursued by the military. Given the structural heterogeneity, it was only possible to "miniaturize", in a peripheral country, the industrial system of central countries (those where capital accumulation reached much higher levels), which meant introducing into the productive apparatus a profound discontinuity caused by the coexistence of two different technological levels. In the import substitution industrialization phase, the extreme disparity between levels (and the degree of diversification) of the modernized minority's consumption and the mass of the population would be incorporated into the productive structure. In this way, the "factor level imbalance" must be considered as inherent to an underdeveloped economy that industrializes. The state would have an important role in intermediate goods industries, and local capitalists would control much of the non-durable consumer goods industries, while large enterprises would control activities that are based on technical progress (durable consumer goods and equipment in general), niches in which the flow of new products and degree of accumulation are more intense.

For Furtado, then, without reforming the system, the dependency situation would be permanently reinforced (with the introduction of new products, processes and techniques), presenting a mismatch between the level of capital accumulation and the pattern of consumption (public and private) in underdeveloped peripheries, evidencing that the advance of the industrialization process will depend on the increase in the rate of exploitation, that is, on a growing concentration of income. Still following the author, "the most significant feature of the
Brazilian model is its structural tendency to exclude the mass of the population from the benefits of accumulation and technical progress. Thus, the durability of the system relies heavily on the ability of ruling groups\textsuperscript{21} to suppress all forms of opposition that [the system’s] anti-social character tends to stimulate" (FURTADO, 1974: 111-12).

In short, the more intense the introduction of new consumption patterns, the more concentrated the income will have to be. In the wake of this process, and guiding it, follows the cultural dependence expressed by the behavior of the groups that appropriate the surplus and model their consumption by paradigms coming from abroad: the tragedy of cultural mimicry as a criterion for social differentiation\textsuperscript{22}.

We observe in this process, since the military dictatorship and its aftermath, the definitive capitulation of the national business classes and the abandonment of any national and autonomous development project. The fundamental connections between underdevelopment (as a historical-structural phenomenon) and dependence (as a cultural phenomenon) turned Brazil and the Latin American countries in satellites of the international order. Years later, Furtado would formalize the issue: "Brazil had its historical opportunity, accumulated wealth and could have transformed this ‘modernity’ into a more just, more stable society. But it did not. It missed its historic opportunity. It got lost because of its social backwardness, because it had an elite that allied itself with the United States, and which was strictly concerned with accumulating for the benefit of a minority” (FURTADO, 1995: 105).

The “demiurge” and the defeat: The meaning of the coup of 1964 and the transnationalization

Speaking in 1984 about culture and creativity and the impasses of underdevelopment, Celso Furtado indicated that we should reconnect with the creative genius of our culture. Only political creativity driven by the collective will can overcome the impasse. This approach

\textsuperscript{21} See “A Elite do atraso. Da escravidão à Lava Jato” (The Elite of Backwardness. From Slavery to Lava Jato) published in 2017 by Jessé de Souza.

\textsuperscript{22} Between the 1960s and 1970s, the issue of dependence was discussed taking into account different theoretical nuances, among which we mention the contributions of Florestan Fernandes, Fernando Henrique Cardoso, José Serra, Teotônio dos Santos and Ruy Mauro Marini, among others. However, this discussion goes beyond the scope of this text. See (HADLER, 2012).
clearly reveals the character of a radically democratic and popular project as a way of overcoming the ills of underdevelopment. Following the author:

*Now, this collective will can only arise if there is a reunion of political leaders with the permanent values of our culture, whose roots are in the mass of the population. Therefore, the starting point of the reconstruction process that lies ahead [referring to the lost decade] will have to be a greater participation of the people in the decision system. Thus, the future development can feed on the creativity of our people and effectively contribute to the satisfaction of their most legitimate yearnings. We must think of development based on a visualization of the substantive goals we wish to achieve, not on the logic of the means imposed on us from the outside. The overcoming of the structural impasse that is at the bottom of our crisis will only be achieved if the future development leads to a growing homogenization of our society and the opening of a space for the realization of the potentialities of our culture.*” (FURTADO, 1984: 30)

With these words of optimism the Knight-Errant (Furtado) prophesied at the final throes of the Military Regime, rotten by the international financial crisis and by the exhaustion of the model. For Furtado, there were various democratic possibilities that could mend the "dashed fantasies" and stimulate positive refutations of the model by and for the people. Even with the lost decade and the economic and political problems inherited from the military rule weighing in, a process of democratic openness - the New Republic – was promoting more inclusive reflections that would, for example, flow into the Constitution of 1988. This was the "*Geist der Zeit,*" of optimism and hope for those who for more than two decades dreamed of ending the Military Dictatorship.

However, transnationalization was already at an advanced stage, greatly reducing the possibilities for implementing an internal center for decision-making and for the diversification and expansion of the internal market. Furtado understood this phenomenon as a disarticulation of the economic system, which would compromise its stability (also social and not only economic) and the national unity itself, something that seems rampant today in the face of the federative fiscal conflicts and the different ideologies and policy visions, which has been leading contemporary Brazil to polarization.

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23 "In Brazil, the struggle for federalism is linked to the development aspirations of the different regions of the immense territory that forms it. There is no question of nationality clashes, of cultural conflicts linked to ethnic or religious disparities [Authors’ Note: something that we humbly disagree with, considering the social tensions that existed in 2018]. But [there is the question] of the economic dependence of certain regions on others, of dissymmetry in relations between regions, of the unilateral transfer of resources hidden in policies of price management. In the diversity of regions are the roots of our cultural wealth. But the preservation of this wealth requires material development to spread throughout the national territory." (FURTADO, 1999: 46-7).
The national economic system is nothing other than "the prevalence of political criteria that allow us to overcome the rigidity of economic logic in the pursuit of collective well-being" (FURTADO, 1992: 30), however, once the growth engine changes from internal market formation to integration into the international economy, the synergy effects generated by the interdependence of the different regions of the country disappear [and considering the very links between capital goods, consumption of capitalists and consumption of salaried workers, à la School of Campinas], considerably weakening the bonds of solidarity between them: "if they establish export platforms in the Northeast (...) regional integration with abroad will be achieved by various means, to the detriment of an articulation at the national level" (FURTADO, 1992: 32). The disconnection between markets brings with it, as a trend, regional specialization in certain commodities, as well as growing bottlenecks in the links of production chains, in a phenomenon known as deindustrialization.

According to Furtado, deindustrialization in Brazil can be interpreted as the disconnect between national economic system’s elements due to the fragmentation of the industrial, regional and social fabric weaved during the constitution of an urban-industrial society. It is accompanied, in turn, by a reduction in production diversification, increasing technological backwardness and disruption of productive chains links, thus imposing limits to the endogenous reproduction of capital. Cano (2014) argued that the Brazilian deindustrialization has to do with the reproduction of the mechanisms of underdevelopment, being associated with international dynamics, the early-90s structural reforms (commercial and financial opening, privatizations) and the misguided macroeconomic management ever since.

As of this period, Brazil underwent a profound process of economic reorganization related to a quick deepening of the liberal logic based mainly on economic deregulation, privatization and, consequently, severe deindustrialization. Again, ideological mimicry became rooted in a significant part of society. It is not hard to say that these processes, both in their content and in their form, were the fundamental elements that, considering the current period, seem poised to advance even more. They have created new bonds for an old dependency, which tend to perpetuate Brazilian underdevelopment. It is fundamental to return to Furtado's thinking in order to understand and create the political and cultural conditions to untie these moorings. On the deleterious effects of transnationalization, let us read some passages of Celso Furtado referring to the 1980s and 1990s:
“Large-scale economic systems with sharp regional and structural disparities - Brazil, India and China at the forefront - will hardly survive if they lose the cohesive force generated by the expansion of the domestic market. In such cases, no matter how important the international insertion is, it is not enough to boost the economic system. In a world dominated by transnational corporations, these heterogeneous systems only survive and grow due to a political will based on a project with historical roots”. (FURTADO, 1992: 6, emphasis added)

“Mass poverty, characteristic of underdevelopment, often originates in a situation of deprivation of access to land and housing. This structural situation cannot be overcome through market mechanisms.” (FURTADO, 1992: 55, emphasis added).

“It did not escape me that true development occurs through men and women and has an important political dimension. The subsequent story only confirmed my initial opinions. Thus, how can we ignore the fact that since 1964 Brazil has paralyzed its political development - in reality, it has regressed [and continues to regress] in this issue as its society grew and became more complex - how can we ignore, we were saying, that we have become a nation with a lack of governability, which destroys scarce resources and accumulates problems in an amazing way?” (FURTADO, 1992: 75, emphasis added).

“We are of a generation that not only got rid of the old negative prejudices about Brazil with respect to climate and race, but also became aware that the country was in a rapid transformation and that we were at the frontiers of progress in the world. Those who have lived through these years experimented this, which is an extraordinary experience. And then, all that get interrupted in the 1980s.” (FURTADO in an interview with KULGEMAS, 2011: 384).

In the passage above, the author's still relevant positions on underdevelopment are clearly pointed out. Clearly, he recognizes that the challenge in the face of transnationalization becomes even greater, taking into account the technological paradigm unreachable to the peripheries and the increased financial dependence after Prometheus’ liberation - the dollar as fiduciary currency with liberating power in a global scale. He also points to the need for internal market cohesion in the face of the atrophy of national economic systems’ command mechanisms, a task that perhaps only China has fulfilled at the time24. Hunger, poverty and misery are seen, converging with the vision of Amartya Sen (1981), as derivations of the lack of access to land, housing and water, an "original deprivation" imposed on the disenfranchised of underdevelopment.

24 "What is important to point out is that the style of growth established in the previous phase by modernization imposed a certain standard of industrialization. In order to escape it, it would be necessary to correct the distance between the penetration of the modern technology in the life style and in the productive processes. More precisely, freeze important segments of the demand for final consumer goods and considerably increase the accumulation in the production system. That is to say, carry out a political process that, due to the magnitude of the opposing interests, could only be produced in the context of a social upheaval." (FURTADO, 1992: 43).
It is also of note Furtado’s diagnosis of economic vulnerability despite his culture-and-people-mediated optimism. He points to the great defeat of a generation that built and thought about Brazil, undermined by the harsh reality, and rightly blames, in our judgment, the military dictatorship for the political and social delays and reversals that incapacitated us, as a people, to resist in the trenches of our national economic system, reordering with sovereignty. Underdevelopment is, first and foremost, the colonization of the minds and hearts of a nation, and we "still have no notion of the actual and deleterious impacts of two decades of military dictatorship on the Brazilian people (...) 1964’s coup prevented the historical alternative of a decent country, and introduced another terrible alternative that is this one out there now."  

In this context, in his 1999’s *O longo amanhecer* (The Long Dawn), Furtado clearly defines the problem:

"The countries that have already advanced in a process of industrialization mainly focused on the domestic market - Brazil is the conspicuous example - will be faced with a dilemma: to choose the easiest path of giving up a project of its own, or to fight to open the way for internal market development. In this second hypothesis, the access to the technological vanguard will be more costly, but development will be self-directed and the forces that support social change, more participatory. For those who adopt this challenging position, history is far from being complete (...) At no moment in our history was so great the distance between what we are and what we expected to be." (FURTADO, 1999, 25-6)

The succeeding governments chose the natural path, cowardly shrinking from possibilities of disruption, even if minimal, and adhering to the transnational order in a condition of fragility, with the "Washington Consensus" as a corollary. Furtado chose the external debt as the locus of observation. Criticizing the Real Plan, mainly for its monetarist diagnosis about inflation, and not relating it to structural considerations, he saw the country begin to project the image of a distorted economy that had borrowed abroad to finance the growth of consumption and speculative investments, while divesting national assets through a privatization program. Brazilian net external liabilities in 1999 (the difference between gross

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25 The excerpt in "quotes" reproduces one of the lines of João Manuel Cardoso de Mello, at 49 minutes, in the documentary *The Long Dawn - a biography of Celso Furtado*, 2007.

26 Government propaganda on television - as demonstrated in the documentary *Privatizations - Capital Dystopia* of 2014, during the 1991’s National Privatization Program (PND), under the Collor administration - showed the representation of the State as an awkward elephant that disrupted the life of Brazilian middle-class families. After the state began to "modernize," the elephant has continued to be present in the life of Brazilian families, now more agile, even participating in gymnastics activities without disturbing the life of the "good citizen."
external liabilities, which is equal to the sum of foreign debt and the stock of foreign investments, and external assets) practically doubled since 1994, from 35% to 65% of GDP. If we relate this liability to the fixed capital stock, the ratio increases from 23% to 44%. This meant a conscious option for external indebtedness as strategy to combat inflation, increasing the long-term financing problems of the Brazilian economy (FURTADO, 1999: 28-9).

As an example, the problem, as formulated above by the author, seems to have become unsustainable in 2018. Observing the current account (trade balance and other accounts), between January and August of this year, there is a balance of approximately 37 billion dollars, while for the same period we have about US$ 44.5 billion subdivided into travel, equipment rental, transportation, profits and interest. Roughly, it is as if the country generated commercial surpluses exhausting its soil, especially with the exploitation of its territory and natural resources by foreign companies, and accumulating all the harmful effects to the environment, besides perpetuating the highly concentrated agrarian structure in order to, at the end of the day, remit a significant portion of these same balances for remunerating rents and interest and sending profits abroad. This is the trap of underdevelopment at its most developed stage.

We feel bound, at this moment, to emulate the fearless heart of the knight-errant and invite all Brazilians to courage. We must change course. "This change of course, in our case - as the economist from Paraíba states in Brasil: A Construção Interrompida (Brazil: The Halted Construction) - requires us to abandon many illusions, exorcise the ghosts of a modernity that condemns us to a sterilizing cultural mimicry. We must take our historical situation and make way for the future based on the knowledge of our reality. The first condition to free oneself from underdevelopment is to escape the obsession of reproducing the profile of those who call themselves developed. It is assuming one's own identity. In the current civilization crisis, only confidence in ourselves can restore us the hope of reaching a good port" (FURTADO, 1992: 77).

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28 This calls to mind Tânia Bacelar de Araújo (1999: 157) in her defense of a national policy of regional development: "Because of all that has already been analyzed (...) we must think and act considering the HETEROGENEOUS and DIVERSIFIED Brazil." So we can see as positive, as potential (and not as a problem), the growing internal differentiation of the diverse macro-regions of the country.
Nostalgia for the Future

Celso Furtado died on November 20, 2004. He left us with nostalgia for the future. There was a time in this country in which people like him believed in a better world, in the utopia of a superior becoming employing science and knowledge for action. There was an order to be transformed; the links of underdevelopment and dependence, more robust than the third solid phase of carbon, were creatively challenged by history, theory and politics (even if timidly, in this area).

This is the first teaching that we should learn from the knight-errant: knowledge is a form of combat, and little value it possesses when proud and disconnected from society’s real problems. It is not by chance that in several works, and here we will mention three, Furtado sends messages and assigns responsibilities to the young economists. They are: “A pré-revolução brasileira” (The Brazilian pre-revolution, 1962); “O Longo amanhecer” (The Long Dawn, 1999) e “Em busca de novo modelo” (In Search of a New Model, 2002); works in which the author makes a kind of call to the new generations to think about Brazil, since they will surely inherit problems even more complex than those faced by him. It is as if Furtado begged economic science’s neophytes to pay attention to Latin America, Brazil and the Northeast, places (and times) of the bonds of underdevelopment.

As a response to the questions posed at the beginning of this text, we would say: i) would the author’s thinking be able to illuminate the paths to a new national development plan? Yes, surely his reflections will be part of any future project that recognizes our autonomy, particulars and actual needs. Furtado’s historical-structural approach was only feasible because of his great ability to establish mediations between models, theory and history. Brazilian Northeast situation, taken as a diagnosis, and SUDENE, as an action, constitute a synthesis of his thinking, never compromising the institutional forms typical of an open society; ii) are we capable to undo the economic and cultural dependence bonds that afflict Brazil in the framework of the transnationalization of capital? To respond negatively to this question is simply to deny the Furtadian legacy, and we do not have the right to give up the future, even though we miss it.

In his last work, “Em busca de novo modelo. Reflexões sobre a crise contemporânea” (In search of new model: Reflections on the contemporary crisis, 2002), Celso Furtado expresses his last criticism, at the age of 82:
“The political authoritarianism, which from 1964 on neutralized for two decades all forms of resistance of the excluded, has exacerbated the perverse tendencies of our mimetic development. This authoritarianism, like a mythological god [reference to the god Janus], presented two faces. If, on the one hand, it favored economic interests, on the other hand, it aggravated the isolation of the political sphere, which acquired increasing autonomy in the form of technocratic power. The geopolitical fantasy of the 'emerging power' was instituted. This is one of the roots of the process of external indebtedness, which has led us to a situation of unprecedented misrule. Development, generated endogenously, requires creativity at the political level, and this is manifested when to the perception of obstacles to overcome is added a strong ingredient of collective will.” (FURTADO, 2002: 32, our emphasis)

As a result of low long-term dynamism, the country faces today a serious economic and social situation and the dismantling of the social pact forged by the 1988 Constitution. Self-employment, which is often informal, is already a reality in life of one in four Brazilians. Disillusionment, sadness, depression, lack of solidarity. In part, these are the trends that in the current political context have enabled the rise of a dictatorship, if not in form, because embedded solely in the fragile act of voting, certainly in content, as an authoritarian militarization and the curtailment of democratic freedoms. Politics is being disregarded as a valuable humanistic reference and actions (in the terms of Hannah Arendt) are being emptied of their content, disabling the public life. The contribution of Celso Furtado, the contribution of a life, of a man beyond his time, a classic of Brazilian social thought, alerts us to the meaning of a closed political regime in a situation of underdevelopment and its consequences for the poorest. The knight-errant with a fearless heart, in his viaticum, leaves for the new generations the challenge of building another society, the hope of a kind of a "resumed construction" still to come.

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