Legacies

Celso Furtado: Pioneer of Structuralist Development Theory

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Celso Furtado died on 20 November 2004 at the age of 84 in his residence in Copacabana, Rio de Janeiro. He was born on 26 July 1920 in Pombal, Paraíba state, in the heart of Brazil’s northeast. President Luiz Inácio Lula da Silva proclaimed three days of national mourning declaring that ‘Furtado was a Brazilian who makes us proud for his commitment with Brazil, Latin America and all the developing countries’ (Guerreiro, 2004). Although Furtado was critical of his government, former president Fernando Henrique Cardoso (1995–2002) hailed him as ‘one of the great theoreticians of Latin America’ and said that ‘like nobody else, he embodied what today is called a public intellectual, devoting his mind and energy to the great cause of his time — finding a path to development’ (Cardoso, 2005: 3). The Workers’ Party — Partido dos Trabalhadores (PT) stated that Furtado was an economist who was able to link his reflections with a strong commitment to the country’s poor and that his ‘ethical example will be a fundamental reference point for the PT’ (Guerreiro and Fiori, 2004). By coincidence, a week before Furtado’s death, the British economist Charles Gore told me how he had witnessed a special ceremony in honour of Furtado at the opening session of the United Nations Conference on Trade and Development (UNCTAD) held in June 2004 in São Paulo. Furtado was by then too frail to attend in person but followed the proceedings by video link and heard Rubens Ricupero, the Secretary-General of UNCTAD, highlight his achievements. It was due to the efforts of Raúl Prebisch that UNCTAD was established in 1964 with its headquarters in the Palais des Nations in Geneva. It was Raúl Prebisch who spotted the talent of the young Furtado when in 1949 he joined the Economic Commission for Latin America (ECLA), one of the regional commissions of the United Nations, situated in Santiago, Chile. A year later Prebisch, by then Head of ECLA, appointed Furtado as the first Director of the newly established Economic Development Division.

Although Furtado stayed in ECLA only until 1957, these were crucial formative years for him. He became one of the leading contributors to the

Latin American structuralist school of development which germinated in ECLA (now known as ECLAC or Economic Commission for Latin America and the Caribbean). Besides Prebisch and Furtado, the Commission included such development thinkers as Aníbal Pinto, Juan Noyola, José Medina Echeverría, Osvaldo Sunkel, Victor Urquidi and Jorge Ahumada. Of these ECLA pioneers only Sunkel is still alive. ECLA’s structuralism and ‘developmentalism’ had a major influence on economic policy throughout Latin America with its advocacy of an import–substituting–industrialization (ISI) policy, planning and economic integration. By exposing the various mechanisms of unequal exchange between the North and the South it also argued for a fairer international economic order. Structuralism made a major contribution to development theory and policy. Dudley Seers, the founder and first director of the Institute of Development Studies (IDS) at the University of Sussex, and one of the pioneers of development economics, was much influenced by structuralism as well as contributing to it. While Prebisch was the leading Latin American development economist, having put forward at the same time as Sir Hans Singer the thesis of the deterioration of the terms of trade, which challenged Ricardo’s theory of comparative advantages, Furtado followed close behind (Mallorquín, 2005).

Furtado graduated in law from the Federal University of Rio de Janeiro in 1944 and obtained his doctorate in economics from the University of Paris (Sorbonne) in 1948. In 1956, while working in the sub-regional office of ECLA in Mexico City, he met Nicholas Kaldor (‘Nicky’ to his friends), a Fellow of King’s College, Cambridge, who impressed Furtado with his use of Keynesian categories for the analysis of economic development problems. Like Prebisch, Furtado was much influenced by Keynesianism, particularly regarding the role of the State in the development process. Kaldor invited the young Furtado to stay for a year at King’s (1957–58). In his intellectual autobiography A Fantasia Organizada (1985) Furtado describes some of his Cambridge impressions. He vividly recollects the Christmas dinner at the high table in the College with its splendid silverware and fine porcelain. The conversation was lively and witty, once in a while even humorous. Political topics were excluded as well as personal matters. But the conversation turned more vivacious with the plentiful supply of wine and liqueurs. At Cambridge he met leading economists such as Piero Sraffa, Joan Robinson, Piero Garegnani, Richard Kahn, James Mead and Arthur Pigou, who was by then retired, as well as the young A. K. Sen. It is surprising though that he does not mention the distinguished Cambridge Marxist economist Maurice Dobb. He was struck in particular by Kaldor’s power of exposition, synthesis and clear perception of the limitations of the abstract constructions of his fellow economists. While at Cambridge, Furtado wrote The Economic Growth of Brazil: A Survey from Colonial to Modern Times (Furtado, 1963), which was a substantially revised version of the text published originally under the title of Formação Econômica do Brasil (The
Economic Formation of Brazil) in Rio de Janeiro in 1959. It became a classic and probably his most influential book, particularly in Brazil.

Furtado was a prolific writer publishing over thirty books which have been translated into fifteen languages and have sold over two million copies all over the world. Written in a very accessible and engaging style, his books proved highly popular, especially among students, in Brazil, Latin America and beyond. I remember reading several of his books during my student days at the University of Chile in Santiago and have continued to enjoy reading his later articles and books. Furtado’s *Economic Development of Latin America: Historical Background and Contemporary Problems* (Furtado, 1976) was the standard text for students following Latin American studies in the UK and elsewhere, especially during the 1970s and 1980s, when I also used it for my lectures at Glasgow University. The original Portuguese edition as well as the Spanish translation, both published in 1969, had a more exciting subtitle, ‘From the Conquest to the Cuban Revolution’.

In his analysis of the developing countries, Furtado (1964, 1973a, 1974a) argues that underdevelopment is a discrete historical process through which developed economies have not necessarily passed. His proposition that the developed and underdeveloped countries are linked by a series of asymmetric relationships, which reproduce the inequalities of the capitalist system, represented a key departure from the then prevalent evolutionist and diffusionist modernization and stage theories of development, as well as from orthodox international trade theory. For Furtado (1965) the main distinguishing feature of underdeveloped countries is the existence of a pre-capitalist sector. This acts as a labour reserve for the capitalist sector, thereby maintaining low wages. The industrialization process employs a technology, largely imported from the developed countries, which rapidly increases in capital density leading to further income concentration as wages remain stable. The rising income inequality reproduces an increasingly inefficient industrial structure which leads to economic stagnation. In Furtado’s model industrialization within a dualist economic structure reproduces dualism and underdevelopment, leading to stagnation, while for Arthur Lewis (1954) industrialization — or more precisely the transfer of labour from the subsistence to the capitalist sector — facilitates high rates of capital accumulation and growth as the unlimited supply of labour keeps wages low, leading to high rates of profit in the industrial sector. Furtado argues that, owing to the small size of the internal market, the intermediate and capital goods industries cannot take full advantage of economies of scale and are therefore inefficient as they do not operate at their optimal level of output. Thus, as the industrialization process advances to the production of intermediate and capital goods, the rate of profit falls, the productivity of capital in these capital-intensive industries being low. This fall in profits leads to an insufficient level of savings to finance the next stage of the import-substitution process.
In Furtado’s view it is the severe inequality in the distribution of income which explains the structural nature of industrial stagnation once the so-called ‘easy phase’ of ISI has been exhausted. Thus ISI in Latin America had failed to absorb the surplus labour and to improve the distribution of income, thereby aggravating the phenomenon of ‘structural duality’. Furtado favoured agrarian reform — as well as other redistributive measures — for equity and economic reasons. Such policies would change the structure of demand toward a more labour-intensive and less foreign-exchange intensive type of industrial product, as well as widen the domestic market for industrial commodities, thereby allowing industry to reap the benefits of economies of scale and thus improve efficiency.

Furtado links the above analysis with dependency theory by maintaining that ‘the ability of certain countries to control technical progress and to impose consumption patterns became the decisive factor in the structuring of the productive apparatus of other countries, which in consequence became “dependent”’ (1973b: 20). Furthermore:

Underdevelopment is rooted in a specific connection, created in a particular historical setting, between the internal process of exploitation and the external process of dependence. The more intense the inflow of new patterns of consumption, the more concentrated income tends to become. Thus if external dependence increases, the internal rate of exploitation has also to go up. Higher rates of economic growth tend to imply aggravation of both external dependence and internal exploitation. Therefore, higher rates of growth, far from reducing underdevelopment, tend to make it more acute, as it entails increasing social inequalities. (Furtado, 1974b: 17)

Such radical ideas remain controversial to this day. Fernando Henrique Cardoso, one of the foremost dependency thinkers at the time, questions Furtado’s stagnationist thesis and argues that Furtado’s ‘confidence in the state’s ability to plan and lead an endogenous process of self-reliant development process was likewise exaggerated’ (Cardoso, 2005: 5).

After his Cambridge sojourn Furtado was appointed in 1958 to be Director of the Brazilian Bank of Economic Development (BNDE) by the government of Juscelino Kubitschek. There he conceived the project which in 1959 led to the creation of SUDENE, a government agency for the promotion of the development of the Northeast, a drought-stricken and impoverished region of Brazil. His commitment to the development of his country and especially to the poor remained a constant throughout his life, both in academia as well as in his various government functions. He directed SUDENE until the military coup which overthrew the reformist government of João Goulart in 1964. During the Goulart government he also became Brazil’s first Minister of Planning (1962–63). With the coup Furtado was deprived of his political rights and emigrated. He took up appointments at various universities, including Yale University in New Haven, CT (1964–65) and the University of Paris (Sorbonne) where he stayed the longest from 1965 to 1985. He was the first foreign professor to be appointed by the Sorbonne and the decree was signed by President Charles De Gaulle.
During 1973–74 he held the Simón Bolívar Chair in Latin American Studies in Cambridge University. It was during his stay there that I first met Furtado. I had been invited to give a seminar on Chile. Chile was much in the news at the time due to the overthrow of the socialist government of Salvador Allende on 11 September 1973. Furtado was much concerned by events in Chile, having lived in the country for several years, and was keen to participate in the discussion following my talk, especially as I had lived in Chile during the Allende years. Although not a Marxist, Furtado was certainly influenced by Marxism, often referring to Marxist ideas in his books. Furtado (1956) was one of the first social scientists to use the term ‘dependency’ and made a major contribution to dependency theory, which captured the imagination of students during the 1960s and 1970s in Latin America and elsewhere. Like André Gunder Frank, but well before him, Furtado argued that development and underdevelopment are part of the same historical process, just different sides of the same coin of the global system. As underdevelopment is a specific phenomenon it ‘calls for an effort at autonomous theorization’ as he writes in his book Development and Underdevelopment (Furtado, 1964). This is exactly what Furtado tried to achieve throughout his vast intellectual output and what singles him out as one of the leading original thinkers of the South.

From 1979 to 1982 he was a member of the United Nations Committee for Development Planning in New York. With the return to democracy in Brazil he was first appointed as Brazilian Ambassador to the European Union in Brussels (1985–86) and then Minister of Culture (1986–88). Through 1987–91 he was a member of the South Commission (Geneva) which was headed by Julius Nyerere, the former President of Tanzania, and where Manmohan Singh, the current Prime Minister of India, played a leading role. He was a member of UNESCO’s World Commission on Culture and Development (1993–95) and of its International Bioethics Committee (1995–97). In 1997 he was elected to the Brazilian Academy of Letters and in 2003 to the Brazilian Academy of Sciences.

Furtado was a resolute supporter of Lula during his campaign for the presidency and celebrated his victory in 2002. While applauding President Lula’s fight against poverty he became concerned with his economic policy which found increasing approval from the IMF in Washington, DC. However, Furtado was very pleased when in July of 2003 Lula decided to recreate SUDENE. Furtado’s last political act was to support Carlos Lessa, a well known progressive economist, in his efforts to remain as head of the National Bank for Economic and Social Development (BNDES) as the government wanted to replace him. But to no avail as just days before Furtado’s death Lessa decided to resign. Nevertheless Lula felt the need to phone Furtado to defend his action. It was Furtado, together with the formidable and well known economist Maria da Conceição Tavares, who had proposed Lessa for the job.

In 2003, Furtado was nominated for the Nobel Prize for Economics in 2004, but he did not receive the award. The Nobel Committee missed an
opportunity to honour a major thinker from the South, a tireless campaigner against poverty and a fierce critic of neoliberal globalization. One of Furtado’s less intellectual activities was his participation in the Brazilian Expeditionary Forces during the Second World War in Italy during 1944–45. He recounts his youthful adventures in *From Naples to Paris: Tales from the Expeditionary Life*, his first book, published in 1946. The book is dedicated to ‘The Italian Women’ and he writes: ‘I send you, tender and kind Italian women, my memories and greetings’. In his mature years when asked about the feminist movement he replied that from the economic point of view ‘the feminist revolution is the most important historical event of the twentieth century’ (Braga, 2004). Celso Furtado married the Argentinian Lucía Tosi in 1948 with whom he had two sons, Mario and André, but they later divorced. In 1979 he married the Brazilian journalist Rosa Freire d’Aguiar.

**REFERENCES**


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