

Celso Furtado and development: foundation and foresight

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ABSTRACT

The article analyzes the political and intellectual career of Brazilian economist Celso Furtado, who passed away in November 2004. The author highlights Furtado's decisive role in the construction of relevant public institutions for the country and his original reflections on Brazilian economic thinking and the issue of development.

Key words: Celso Furtado; Brazilian economics; development; underdevelopment

THE FOUNDING THOUGHT

Discontented reflection

Celso Furtado represented a paradigm that, by its extensiveness and diversity, succeeded in becoming an effective mark in the maturation process of Brazilian consciousness. That is, of the level of reflection attained by intellectuals whose thought passes on to the transforming action around them, and, within its scope, to the genuine creation of institutions during their passage through public life. At the final stage of their biographies, they attain this objective condition of arbiters of a historical moment. As interlocutors of Presidents and involved in the pursuit of the great moves of national decision, they are already in a condition of responsible for our options of destiny. Significantly, still, the thought in Celso has asserted itself, from the beginning, in a large world vision, which took the young man of the Brazilian Expeditionary Force – FEB, once finished the Second World War, to wander around all over Europe, from Ireland to the Dardanelles.

Insatiable inquirer, he started with a profound impregnation simultaneously Italian, from Florence immediately after the war, and French, when arriving to Paris was also to cross the doors of the Sorbonne. The economist's vocation, bloomed within that large world vision, has coincided, in our country, with the decantation of the debate on development, which started to be outlined under Juscelino's Administration. The Furtado who faces it had already been one of the critical personages of the forerunners of the Brazilian applied political economy, generated at the Getúlio Vargas Foundation. The *Revista Brasileira de Economia* would conduct all the emergence of this dimension of our public policy, under the leadership of Eugenio Gudin, continued by Gouveia de Bulhões and the counterpoint of Américo Barbosa de Oliveira.

First president of the Clube dos Economistas do Brasil, Celso Furtado would represent the orientation of the almost mythological Economic Commission for Latin America and the

Caribbean – CEPAL, of the United Nations, established in Santiago, under the inspiration of Raúl Prebisch, whose theses would have a first public confrontation, among us, in the 1953 Conference held at Quitandinha. In such meeting, in plain second Vargas government, Furtado would propose the basic lineaments of the Cepalian positions, giving rise to the debate about economic planning in Brasil. The conflicting positions, born from the national tradition of resistance to the rationalization of change, became didactically evident in the series of articles on “the Mystique of Planning” by Gudin, already mediated by Otávio de Bulhões in his text on “The Programming of Economic Development”.

In the background framework, the great institutional progress at the time stemmed from the *Comissão Mista Brasil-Estados Unidos* and the diligence of Roberto Campos, its co-president. Such effort would give rise, in founding dimensions, to the State interventionism in the economic process, and would suppose the constitution of an entirely new and alert governmental bureaucracy in the *Banco do Brasil*, the Administrative Department of Public Service – DASP, the Brazilian Institute of Geography and Statistics – IBGE, the Superintendence for Currency and Credit – SUMOC, in the Finance Ministry, and the National Bank for Economic Development – BNDE, established during Kubitschek’s Presidency.

Under the leadership of Celso Furtado, the *intelligentsia* of the Clube dos Economistas would aggregate at the time, and within the same diapason, Américo Barbosa de Oliveira, Eduardo Sobral, Herculano Borges and Sidney Latini, forerunners of a policy of development. Furtado’s publications almost simultaneously in texts of CEPAL and the *Econômica Brasileira* arose in the formulator, who was not satisfied anymore with the footlights of the political analyst, the determined endeavor for integrating planning as an essential activity of the Brazilian State.

The Public Policies Definer

Celso is, however, aware of the obstacles and prefers attacking them by means of a progressive strategy. Gathering together economic and political imperatives, he focalizes his attention upon the problem of regional development, proposing the creation of the Superintendence for the Development of the Northeast Region – SUDENE, and a first consensus of priorities for public intervention in order to confront the seriousness of the national imbalances that had marked, in the 1950’s, the take-off of the Brazilian Center-East region. But the decree which finally institutionalizes that Superintendence only happens in Quadros’ Administration. And the following step, the Ministry of Planning, only comes to Celso in the interregnum between the abortive military movement, by occasion of Janio’s resignation, and its definitive success on March 31st, 1964.

It is already in the context of the outset of democratic and institutional instability that Celso, finally minister responsible for the rationalization function of Goulart’s Administration in his presidential return, proposes a first and effective ordering between objectives, resources and priorities in treasury expenses, which the juscelinism had articulated, in a hemiplegic way, merely from the angle of the goals and priorities of State action still decided – although with determination – out and away of the intrinsic logics of change.

It has been in face of this premise, by the way, that the first tension between Celso and Juscelino took place, when he asked about which resources the President counted with, when – moved by the orgiastic creation of the capital symbol of change, the implantation of Brazil’s new capital – Juscelino proceeded *ex-nihilo* from the point of view of the availabilities to take it to effect. In the return of democracy, Celso’s talent for the foundation of institutions would lead him to define the very assumptions of the Ministry of Culture, in an area as diaphanous as decisive of the public presence in the identitarian policy of the country.

The Arcane and the National Reference

In its plain maturity, Furtado's biography gets only enriched by his traveling back and forth between Brazil and foreign countries, both by requests from international agencies and invitations for the economist's continued presence in great world university centers. It is difficult to find a so harmonious distribution of a *scholar* work abroad, from the Sorbonne to Cambridge, besides a series of visits to the academic world of the United States and Latin America.

The septuagenarian who came back to stay in Brazil had already been transformed in a fundamental reference for the politics of change; the critique and counter-critique of developmentalism, the national polarization on this effort and the defense of the State in its institution, in face of the emergence of the globalization theses; the support to the realistic proposition of the theses of a Lula government, who ended up being elected and, in the present international conjuncture, is confronted with the premise of the stability of his Administration, in order to satisfy the claims for an alternative to the strict conservation of the neoliberalism.

Still with remarkable originality, in a succession of two volumes, Furtado has been able to offer us the trajectory of his mind through the moments of the "Organized Fantasy" and the "Disorganized Fantasy". In these works, he demarcates the ascension of the thought of change, its sources, the polemics in which it is involved, its recoveries. And links its impasse to the loss of the totalizing inspiration of the bound towards development, nourished at Kubitschek's canonic moment; as well as to the subsequent clashes involved in the rupture between democracy and authoritarian status groups, followed by the continuous postponement of a social-democratic project, between the nominalism of *tucanos'* intention, and the mediations proposed by the *realpolitik* of the Workers Party – PT to the hard maintenance of the imperative of social transformation.

THE PARADIGMATIC WORK

The Gift of the Single Book

Furtado's reflection has had the anthological character of the praxistic thought, born of the deepening, without ruptures, of the founding meditation that recovers, reexamines, compares. A reflection confronted with a global phenomenon it unveils and to which it impresses its own interference. This is one of those extremely rare cases in which the own maturation of the national culture is involved in a privileged author's ability for writing a paradigmatic book, that guides all his ulterior work as a projection, in mosaic form, of his foresight, or his "discovery" of a limit and comprehensive interpretation of the reality over which he is bent.

The arrival to the historical fold, to the ultimate relief of a total social structure, would assure this fundamental reference. But, exactly, in order to find, in the angle of a vision without excesses, the most ambitious of public policies: that of an effective transition between total social structures – the semi-colonial and that of the development – making of its accomplishment, or its failure, the loss of a time or of a historic "axis", as understands Karl Jaspers. These are privileged epochs, as the 1950's and the 1960's in Brazil, when the multipliers of scales and of sociopolitical and economic interactions change the dimension of a collective reality as historical event.

What is already found, seminally, in *A Economia Brasileira* is unfolded in the *opus magnus* represented by *Formação Econômica do Brasil*. The scope of the *ouverture* permits that the ensuing moments gain a true register of a whole orchestration, in face of the rationale of change it brings to the development and that is already observed in the golden cut of Celso's biography.

His titles decline this trajectory: *Dialética do Desenvolvimento*; *Subdesenvolvimento e Estagnação na América Latina*; *Teoria e Política do Desenvolvimento Econômico*; *Um Projeto para o Brasil*; or, already in the course of the emergence of the American hegemony and loss of expectancy in our change, *Criatividade e Dependência*; *O Brasil pós-Milagre*; *A Nova Dependência*.

Understanding and Explanation

It is difficult to find who in Latin America could unfold, as did Celso, Dilthey's methodology of comprehension, adding up the understanding of the scope of a total social structure, in all its historical connections, to the discernment of one of the key protagonists integrating a macro-historic change. One perhaps cannot find in our continental economic thought – and Prebisch is his partner, although without the categorical refinement of the Paraiban – a more exigent and extensive appreciation of the country's trajectory of comprehensive performance, in the critical decades of the last half century. One has gotten to be entitled to a different outcome from that which could be foreseen – with reading and prediction of the crisis – by an orthodox Marxist vision, in the dynamics of the relations of production, as manifested by the Brazilian semi-colonial complex.

We were in face of a specific arrangement of low productivity and excess of work force, responding to the unbalances in terms of perennial re-accommodation, not rupture, to the contraction in the demand, without ever implicating the reformulation of the weight of the system's components or of their original insertion. Furtado's richness and originality laid in the fact that he was the first thinker stressing the absence of a systematic disruption of the colonial economy, acknowledged in the extent of a total social fact by the symptomatology of this continued escape. Furtado's pioneering vision lead him to dissect the Convênio de Taubaté, of 1906, in which it is clearly evident the articulation of the first policy of the "República do café-com-leite". His innovative analysis overthrew the imperative of the inflationary policy for the maintenance of the market gains, independently of any curtailment of production excesses, or maladjustments attributable to orthodox behavior in order to assure the so-called productive economies, and its advantages, comes rain or comes shine.

The general stability of the system was translated by this capacity of socialization, through inflation, of the coffee planter's losses, concentrating *ipso facto* the profits of the sector. It has been within the same premise that the so-called "absurd" of the coffee burning of the 1920's was produced. Here, it became manifest the last corollary of the "total social fact", in which Brazilian economy showed the drastic simplicity of its mechanisms, and the absolute compensatory articulation of its gains, with the re-appropriation, by the capital, of the financial resources confiscated from the other factors of production.

Furtado's great insight in *A Economia Brasileira* made it possible for him the whole effort of a subsequent historical articulation. The important in his basic text was its coincidence with the stage of the very re-foundation of the Brazilian perspective, stimulated by the disclosure of the radical dependence, at the time, on the fragility of the so-called "king-products" for export. The work's success coincided with a comprehensive explanation for our self-assertion as a historical subject. An explanation that was unfastened from the past, escaping from the concealing of the crisis as an endless recurrence of the same fundamental economic cycle. In this context – and eliminated all positive induction to change through an impasse –, it would be irrelevant the absence of savings by the productive sectors or, for that matter, the behavior of the population and the work force as generator of a consumption market.

Thought and Praxis of Change

In face of this vast and monotonous panel of the Brazilian past, Furtado – in his key work – wouldn't cease to improve the understanding of that almost impossibility of rupture of the

regime that lasts practically until the Second World War, being altered much more by the intervenience of deliberate public policies than by any causal accumulation of blockages, as if adding any major complexity to the everlasting system or any gain of intrinsic functionality to its behavior.

The Furtado that goes to CEPAL and becomes partner of its idea of work, following Prebisch's verve, is contemporary of a moment in which, for once, the gains in the "terms of trade" of the international dynamics of Latin America would allow for a strategic accumulation in order to overcome the semi-colonial structure, in the medium term.

In face of the opened wedge, in this context of secular relations of dependence, *A Economia Brasileira* and the *Formação* served as platform for the first outline of a development punctuated by State intervention in nuclear sectors for the structural change, in parallel with national income distributivism. Such policy was born from the implantation of the minimum salary as a promise of pursuing an internal market of general consumption goods, on which the impulse of industrialization would be based and a new density in social relations engendered.

Economic Analysis and Total Social Structures

At the same time, we must consider how much Furtado's mental universe is affirmed through all that dialectics in which the comprehension exorbitates the initial assumptions of sheer knowledge. Contemporary economic analysis is taken back to the social process which embraces it and, within this process, to the definition of change, in all its sinuosity as a true praxis.

In the construction of his perspective, Furtado could remount to 1928 in selecting some seminal contributions to what would finally be the breakthrough of his view on development. In Young, he came across the idea of "external economies" as necessary to the rupture of a social regime's inertia. In his reflection of 1943, one can distinguish Paul Rosenstain Rodan's contribute to the explanation of the nature of an industrial outbreak and, more precisely, the impact of its exponential causation.

The itinerary of the Brazilian economist is soon clung to the row of these inflections of change – as an inter-relation, and not as a systemic factorial – through which the understanding of the development would definitely stand off the equations of economic analysis. Referring Dussemberry and his famous "demonstration effect" in defining the generation (or no generation) of savings in face of the individual's position in the social scale of income distribution, he simultaneously embraces Prebisch's intuition that such phenomenon is also manifested in the global imitative pattern through which the underdeveloped world rejoins that of the more advanced nations.

System and Historical Pregnancy

Once exhausted the Cepalian experience, Furtado will be confronted, in Brazil – in the sequence of visits to the country promoted by *Revista Econômica* –, with prominent formulators of the perspective of radical transformation of our economic behavior, in its impact over national savings and productive investment. And it is in the cortex of the global structures of collective behavior that Furtado will contradict Nurkse's views, which stand halfway in that large vision about the cycles and their patterns of reproduction, frequently disregarding the new setting opened by a historic moment, as that of our economic interventionism of the 1950's and 1960's, which can only be defined by global causal remissions, and not by merely systemic interactions, although ambitiously thought.

Furtado could oppose Nurkse's last verdict – which condemned the underdeveloped countries to the perpetuity of a vicious cycle of misery – by taking into account precisely the impact, on the

processes involved, of a new dimension of the international principle of labor organization, as well as by the full consideration of what he sees as social agents of change. It is the dispute with Nurkse, by the way, that will configure – inclusively stimulated by Gudin, at the time – the seminal article published in the *Revista Econômica Brasileira* and in the *International Economic Papers*, that became eventually his book *A Economia Brasileira*.

It is difficult to find a trajectory of national thought endowed of a so distinct dorsal spine and provided with a reflection able to inflect itself before the certainty of a praxis, to conform itself to its moment, and capable of modifying it, inclusively by the capacity to project the concept into the public policy. Once overcome the traditional hegemony of economic analysis, Celso Furtado leaves the CEPAL and what he saw as the exhaustion of that thought which was founder of change. And from this singular remission of a founding thought about development, he passes, during the second Vargas Administration, to a new international meditation. In this revitalization of his approaches, he goes to Cambridge, where he finds a new horizon for the global vision of his science. There, he meets Joan Robinson, excessively concentrated on the continuity of her theory on *Capital Accumulation*, and sees her work as an ineludible example of decreasing efficiency due to the specialization of the creative effort.

To him, the British theoretician seemed attached to an increasingly economicist vision, not satisfactory for his demands and quests. The Brazilian saw the underdevelopment as inserted in a larger, and for that very reason, no less rigorous vision of a social process. Cambridge is also the moment when Furtado, rewardingly, comes across Nicholas Kaldor's model of economic growth, which evaluates technology as a final determinant factor of change, considering income distribution as an exogenous factor of such dynamics. Kaldor's model, in its comprehensive but highly abstract formulation, notwithstanding the elegance of its propositions, remained faithful to the economic analysis, preserving it – as Celso notices – from the “mutability” of the real world.

It is, then, in confront with the most exigent minds of the time that Furtado sets out for his own *opus magnum*, advancing from *Economia Brasileira* towards *Formação Econômica do Brasil*. The thinker's attitude was refined through the delineation of basic questions extracted from the economic doctrine in order to submit them to the test of reality, or history itself. At the time, as a starting point for the versant he had chosen, Furtado counted with a first factual repertory, the portentous survey on Brazilian history [*História Econômica do Brasil*], by Roberto Simonsen, which gave him the possibility of dedicating himself to the pioneer establishment of a general framework for the understanding of the sugar exploitation in the country, with all the requirements of its dynamics as a global social structure.

Underdevelopment and Social Process

Its extraordinary initial profitability and the decline in prices during the second half of the 17th century were encompassed in a single critical dimension – for the sake of the system's integrity. But that exactly for showing the specificity of the Brazilian situation, in which these fluctuations would loose any impact in face of the slave labor and, therefore, of the insignificant payments to the factors of production, what kept the secret of the semicolonial regime and its inexpugnability, on the grounds of a permanently inelastic supply.

The conclusions about the sugar economy as insusceptible of generating significant tensions or impacts on the system would continue in the economy of gold mining, the cotton plantations or the culture of rice in Maranhão, up to the coffee plantations, yet in this case with the new impact represented by the absorption of salaried workforce. The regimes had been maintained unaffected by the variation of the economic temperature until the emergence of a first variable exogenous to the system: the beginning of the industrialization, to attend the creation of an internal market and the increase in *per capita* income, concentrated in the center-south region of the country. It is in the third quarter of the twentieth century that Furtado will find the historical

foundations for his defense of a self-centered national economy, with a clear founding interference of the State, already prefigured, by the way, in the old regime, through foreign exchange controls or the destruction of the excessive stocks of coffee.

In this stage, it is clear the contraposition between the dynamics of the foreign trade and that of the industrialization based on the growth of the internal market. It is when, proceeds Furtado – and definitely devising the final direction of that expansion –, an abrupt reduction of the external demand no longer necessarily affected the country's level of employment, but its effect over the growth rate.

A CANON FOR BRAZILIAN CULTURE

Guarantor of Validity

Significantly, the Furtado who comes back to Brazil for the phase of establishing public policies does not see the entirety of his approach confirmed, in a demonstration that the country's historical formation predominates over any systemic goal of the economic process.

The Furtado of the Sudene and the Ministry of Planning emphasizes directly the “mutability” of the real world, over and above the rigorousness of Kaldor's equations, either focusing the very nucleus of change, the industrialization process, or acting on the level of global rationality, with his engagement in the correction of the unbalances generated by the new dynamism characterizing the inclusive society. The decision would be in the sense of correcting the divorce of the northeast region in face of the new growth rates of the country, now being effectively oriented towards its internal market. The Furtado returned to the country is that of the definitive commitment to the policies of regional development, as those which engendered the SUDENE, as well as the thinker definitively linked to the public policies attached to the transformation of his time.

The consecration of such agency, through a presidential decree sanctioned by Jânio Quadros, seeks the reorientation of the investment in order to give dynamism to resources maintained idle for almost a century. The new agency came to rejoin a struggle against the “industry of backwardness” and the system of interests organized around the budgetary policy; the confrontation of the more resistant sector of the coalition between ancient forms of great landed estates [*latifúndios*] and the domination of political clans whose sagacity was directed to assure immobilism, if not sterilization, in the use of federal revenues. In a larger and definitive perspective, SUDENE has finished with the mythology of a folkloric Brazil, and the explanation of backwardness through the apocalyptic punishment of the sauba ants and the droughts, or the budgetary resources evaporated in the construction of weirs in our semi-arid.

Strategies of Rationality

The political shocks resulting from Quadros' resignation – in the ups and downs of the parliamentary system established as a kind of truce for the survival of a democracy already prowled by the military – had in Furtado a pole of uprightness, which was transferred to a first and ambitious ordering of Brazilian planning. In the return of the democratic rule, Furtado was again recruited for public life as Minister of Culture, an area of State action he literally inaugurated in its present form, separated from the Ministry of Education. His main orientations have been directed towards overcoming the narrow-minded allocation of budgetary resources, preparing the philosophy of fiscal renunciation, stimulating the invisible investment which characterizes the objectification of the mind's life, and the valorization of this same intangible ground where lays a national memory, in the deepening of our claim for identity.

The Nation: accomplishment and risk

The entire last decade, however, is that of a Furtado that assumes the voice of the arcane with the wisdom he carries in all his scars, exposed to the trauma of the development's retrocessions and advancements, for giving us the final certainty of its sustainability. His word has become the word of those who define historical horizons, in a moment when a whole spillway of the social process is bent to the almost fatality of the globalization, condemning ourselves to our perpetual circumstance.

One owes to Furtado not only the indication of the gross and ineludible north of the national course, as it is suitable to the peremptory voice of the prophets, but, in a moment of the trickiest and final disarmament of the State, the claim for the recovery of its presence in our economic life. The clamour of the octogenarian has perhaps been the first to show the external bargaining capital kept by the country if it preserves public structures as that of Petrobras, or of the remaining energetic apparatus, or the role of governmental initiative as a new indispensable stimulus to the strategic return of national enterprise.

We are living a critical moment in which the post Iraqi war tries to reorganize the First World's economical constellations, leaving us with scarce hopes about what could still be the rationality of these markets, compared with the initial expectations of Cancun as to the possibility of assuring, through the Free Trade Area of the Americas – FTAA, or the World Trade Organization – WTO, a sustainable export policy towards the markets of international affluence. And the hindrances are only beginning in what refers to the prospect of giving economic validity to a transcontinental world of peripheral action, as foreseen, yet in the beginning of 2003, by the consortium between Brasília, Pretoria and New Delhi.

In the polemics of 2004, nobody expressed like Furtado the confidence in the regime's capacity of surmounting, in due time, the neoliberal quicksands. In all the incidents of the debate between Luiz Fernando Furlan, Henrique Meireles and Carlos Lessa, Furtado insisted in his faith on the Planalto's purposes of social transformation, wagering on the State's will, with the awareness that there is no escape from this labyrinth if we remain subject exclusively to the inertia of the market. Notwithstanding, the capacity to define a guiding line for the process is in the internal dimension of our economy, through the intervenience of the public apparatus, which is to take upon itself the consolidation of the national economies that shall survive the global world.

In the last months, the Brazilian Academy of Letters, more than any other scenario, has testified Furtado's insistent words signaling the inexistence of precedents of important economies, as ours, effectively wanting to go astray from the common grave of the conjuncture and its entanglement. In his voice, the Minister of Culture even predominated over that of the Planning. The assertion of our identity was transposed to this dimension, increasingly threatened, in which the globalization may bring its last message of leveling the multicultural differences in the universe of the hegemonic order. This, especially after the September 11, assigned a new meaning to the old dominations, and claims for the mobilization of a genuine collective unconscious in face of the uncritical impact of the progress over the remaining subjectivity of contemporary collective actors.

We also owe to Furtado the insistence in giving the consciousness of Latinity a denominator that situates ourselves within supracontinental dimensions, within a Western form of feeling. What he defended and foresaw as our relatively excrescent position in the universe of the globalizations – due to our economy of internal market in the Continent – is something that remains, or is even precipitated, by the awareness of the expropriatory character with which the hegemonic world vision takes possession of the collective unconscious around it.

The same Furtado that sustained the historic causation for explaining, over and above the economy, the structures of change, is aware of the final impact of economic modernization as an invader and dissolvent of the cultural process subject to it. Furtado's whole message has to do with his ability for living in its entirety and, at the same time, express the canonical moment in the Brazilian spirit's life, exposed to the challenge of laying the grounds of our "being as a nation". Such message represented the singular conclusion to what the social scientist has achieved in a country of fragile vocation to the plenitude of thought made accomplishment.

Brazil for itself is conscious of its time and agenda for escaping the algebraic sum of gains and losses offered by globalization. What one has heard at the edge of the thinker's grave were Evaristo da Veiga's strophes for the lyrics of the old Hymn of Independence. Initially vocalized by a popular trade-unionist, it ended up in applauses: nothing more needed to be said, except that it is up to Lula's country to bring into effect Furtado's will.

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