

CEPAL

Review

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Celso Furtado: Doctor Honoris Causa

*Wilson Cano**

This ceremony, at which Dr. Celso Furtado is being invested with the title of Doctor Honoris Causa, is above all an act of justice.

Today, we are honouring an outstanding citizen who has been the Master of all of us here.

Born and brought up in the sorely tried Northeast of Brazil, Celso Furtado was familiar since his earliest youth with the realities of human life in such an underdeveloped region.

With tenacious application, at the age of 24 he went on to study law in Rio de Janeiro, and at 28 he fulfilled the tremendous challenge of gaining his Doctorate in Economics in Paris, where he conceived the basic principles of the economics of underdevelopment. Living in a European society, he was able to contrast its level of development with the misery he had known and began to gain a better perception of the political, economic and social obstacles standing in the way of progress towards economic and social development.

At 29, he entered the United Nations Economic Commission for Latin America as an economist, subsequently assuming the important post of Director of the Economic Development Division. There, together with Noyola, Ahumada, Sunkel and later Anibal Pinto, under the leadership of the fondly remembered Prebisch, he played a major part in the formulation of the basic ideas of the ECLAC school of economic thought. In this period he was able to consolidate his theoretical and practical knowledge of the historical process of economic underdevelopment.

Since then, Furtado has become one of the main exponents of the theory of underdevelopment and a leading researcher in the economic history of Latin America, and especially of Brazil.

The integrity of his character, his sense of commitment to the struggle against poverty, his humanistic background and his sense of his public responsibilities led him to occupy high public posts, among which mention must be made of the following:

- Chairman (1953-1955) of the ECLAC/BNDE Study Group which produced the basic ideas for the famous *Plano de Metas* of Juscelino Kubitschek;
- Director (1958-1959) of the National Economic Development Bank (BNDE);
- Founder and first Superintendent (1960-1964) of Superintendency for the Economic Development of the Northeast (SUDENE);
- Minister of Planning in the administration of President João Goulart (1962/1963).

The violent military coup of April 1964, which deprived him of his civil rights, caused his withdrawal from Brazilian public life for many years. With the return of democracy, however, he came back to assume the posts of:

- Ambassador of Brazil to the European Economic Community (1985/1986).
- Minister of Culture (1986/1988) in the Sarney administration.

His academic life has been no less brilliant, including as it does distinguished periods in the Universities of Yale and Columbia (U.S.A), Cambridge (U.K.) and the Sorbonne (France).

As a writer, his extensive production includes innumerable articles published in Brazil and abroad and no less than 27 published books, ten of which were translated into various foreign languages. Special mention must be made, *inter alia*, of his classic works *Formação*

* Brazilian economist: Professor of Brazilian Economics and Co-ordinator of the Research Committee of the Institute of Economics of the University of Campinas (UNICAMP).

Address delivered at the ceremony at which Celso Furtado was declared Doctor Honoris Causa of the University of Campinas, 21 August 1990.

Econômica do Brasil and *Desenvolvimento e Subdesenvolvimento*, published between 1959 and 1961 and adopted as text books for almost all the economics and social science courses of the country, as well as his more recent works *A Fantasia Organizada* (1985) and *A Fantasia Desfeita* (1989), the latter of which reflects his frustration at the economic and political crisis of his country.

His masterpiece, however, was *Formação Econômica do Brasil*, a pioneering analysis of our economic history which was the subject of various essays commemorating the thirtieth anniversary of its publication*. The fact that it has been translated into English, French, Italian, Spanish, Japanese, German and Polish is evidence of its great value and the worldwide interest it aroused.

In this connection, there is an amusing anecdote, which the author recounts in his *Fantasia Organizada*, regarding the nasty shock he received when he was informed of the loss of the original manuscripts of his future book towards the end of the 1950s. When he went to look for them in Brazil, he found them in a warehouse of the postal service, where they were being held as suspicious material...

Desenvolvimento e Subdesenvolvimento, also one of his most outstanding works, forms an obligatory part of any bibliography on the theory of economic development and has also been translated into English, French, Spanish and Persian.

A great deal of space and time would be needed to give a more complete picture of Furtado's work and his main contributions to economic thinking.

Part of what is presented here was taken from the author's own recent essay entitled *Entre Inconformismo e Reformismo*, while part of it comes from the contact I have had and continue to have with various of his works.

There is no need to recall that Furtado was one of the main creators of the theory of economic development. He made a large number of contributions in this field, and the following is a brief summary of some of them,

He was a pioneer among us in understanding the *industrialization process in its broadest sense* as a process involving the general transformation of society—not just industrial activities proper—both in its productive and technical aspects and also in the political, social and cultural fields.

His rediscovery of the concept of the *social surplus* caused him to see economic development not as a process of quantitative expansion of the economy, but rather as one of qualitative transformation of society and development of the “productive forces”.

I would also like to recall his critical comments on the lectures given in Brazil in 1951 by Professor R. Nurkse, when the latter commented on the limitations of market size with regard to the greater use of capital and concluded that economic progress is not a spontaneous or automatic event and automatic stagnation could be assimilated to the “circular flow” of Schumpeter. In 1954, and also, later, in *Desenvolvimento e Subdesenvolvimento*, Furtado heavily criticized Schumpeter, demonstrating *inter alia* the false universality of his theory, in which it was claimed that “the entrepreneur is a phenomenon found in all social organizations, from socialist to tribal forms”, which implied isolating the entrepreneur from the world in which he lives. Finally, he demonstrated that, despite the importance of Schumpeter's theory of innovation, understanding the advance of technology demands an explanation of the process of capital accumulation: that is to say, a historical explanation.

His main historico-theoretical reflections, especially in the 1950s, led Furtado and his main contemporaries of ECLAC to lay the foundations of *ECLAC structuralism*, taking up once again the analytical tradition of marxist thinking through the examination of social structures

* See the articles commemorating 30 years of economic training in Brazil, by Guido Mantega and Ricardo Bielschowsky, published in *Revista de Economia Política*, Vol. 9, No. 4, October-December 1989.

and, hence, the use of non-economic parameters in macroeconomic analyses. The agrarian structure, the social structure, the structure of distribution, the theory of dependence and the structuralist approach to inflation were the main theoretical, economic and social fruits of the ECLAC thinking in which Furtado had a decisive influence.

The summary I have just made of his main reflections highlights three major conclusions on the process of Latin American economic development which are still totally valid today:

- i) The need to abandon the criterion of static comparative advantages as a basis for insertion into the international division of labour.
- ii) The need to make planning an established practice.
- iii) The need to strengthen the role of society at large.

The total failure of the attempts to reinstall a liberal economy in Latin America immediately after the Second World War provide ample proof of the first assertion. The chaotic situation into which most of the Latin American States declined fully proves the second assertion, while the authoritarian trends of the last 30 years confirm the third one.

His profound knowledge of economic history and his concern with the history and destiny of Latin America very soon caused him to understand that, from the maturity of the first Industrial Revolution onwards, the process of capitalist development shaped a certain international division of labour—the formation of an underdeveloped periphery—with the clear objective of appropriating part of the surplus generated there and, as a result, bringing about a concentrated, antisocial and antidemocratic form of domestic appropriation of part of the surplus.

Although a tireless fighter for the economic development of the periphery, he suffered the disappointment of finally having to acknowledge the virtual impossibility of extending the patterns of income and consumption observed in the developed countries to all the population strata of the underdeveloped nations. He came to this conclusion in his critical appraisal of the forecasts of disaster contained in *The Limits to Growth* published in 1972 by the Club of Rome. This reflection is to be found in his classic work *O Mito do Desenvolvimento Econômico*, published in 1974.

With regard to the industrialization of Brazil, once again he was a pioneer in viewing it as a process which began with the recovery from the “crisis of ’29”, thus differentiating it from the previous period, which he called “export-led industrialization”.

With regard to the first phase in the Brazilian industrialization process (limited industrialization), some other contributions made by Furtado may be recalled:

- i) His classic and pioneering interpretation of “Keynesian policies”—adopted by Vargas before Keynes himself had conceived his anti-cyclical policies—which set forth economic policy mechanisms to defend the levels of income and employment (1930-1933). The main structure of this analysis still stands today, in spite of the scanty empirical basis used at the time. The ideological attempts made to discredit him during his exile were a failure because of various works by other leading economists who reaffirmed the pioneering nature, correctness and continued validity of Furtado’s analyses.

- ii) With his skill and his theoretical strength, he managed to systematize more effectively than Roberto Simonsen the theoretical and political arguments in favour of the industrialization of Brazil, definitively overthrowing the old and outworn arguments put forward by the more conservative currents of opinion in the country in the 1950s, whose principal representative and opponent of Roberto Simonsen—Eugênio Gudin—had the ideological effrontery to assert in his work “O caso das Nações Subdesenvolvidas” that economic development (and hence industrialization) depended on the climate and was more attainable in non-tropical countries...

However, a list of Furtado’s merits should not merely reflect partial dimensions of his full and prolific life. His gifts must be set forth in all their variety: his familiarity with history; his interdisciplinary approach; the strictness of his economic analysis; his wide-

ranging theoretical understanding, and his commitment to politics. Above all, however, it is necessary to stress the humanistic dimension of Furtado and his constant search for the truth. Furthermore, we must recall his long-standing and unfailing commitment to *democracy*: an ideal ever present in all his writings and speeches.

In conclusion, may I call Professor Celso Furtado our MAESTRO: a word which we understand more in its content than in its form and take to mean someone who is a true teacher and creates veritable disciples.

It is my earnest hope that our younger economists will take advantage of his teachings: in order better to understand the problems of our heterogeneous society; in order that they may have the humility to realize how little we really know about the past; in order to cure the severe indigestion brought on by the last ten years of monetarism, debt, deficits and short-term problems; and in order never to fall back into neo-structuralist and neo-Schumpeterian pitfalls.

Finally, may they thus remember at all times that "investments, propensities and demand are mere abstract definitions" and that economics is a social science practiced by and for human beings.