

9. Episodic Formation of Underdevelopment

Celso Furtado (1920-2004) published *Formação Econômica do Brasil* (Economic Formation of Brazil, henceforth FEB) in 1959, presented as "merely a sketch of the historical process of the *formation* of Brazilian economy" (FEB, p.1, italics added).³⁰⁹ The text is divided into five parts: the first one concerns the economic fundamentals of the occupation of America; and the following four parts are dedicated each to a certain period, arranged in a chronological order (the second part relates to the XVI and XVII centuries; the third, to the XVIII century; the fourth to the XIX century; and the fifth, final one, to the XX century). The last four parts can give the impression that what is at stake is a historical narrative of stages being replaced, in a clear-cut before-and-after sequence. In my interpretation below, I will highlight that this before-and-after sequence is part of what Celso's interpretation interpellates.

No later than in the first lines of the text, Celso mobilizes a comparative statement, saying that the

economic occupation of the American lands constitutes an episode of the European commercial expansion. It is a case neither of dislocations of populations provoked by demographic pressure - as it was in the Greek case - nor of big movements of peoples determined by the rupture of a system whose balance was kept by force - as it was in the Germanic migrations to the West and to the South of Europe (FEB, p.5).

This initial commercial episode has become politicized as soon as the news about the richness of those lands arrived in Europe and triggered the interest of countries other than Spain and Portugal. As a consequence of these European pressures and of the ambition to make profit from all the resources found, or at least thought to exist, it has begun an economic occupation of the American lands: "[t]he beginning

³⁰⁹ FEB had its 24th edition in 2014.

of the economic occupation of the Brazilian territory is, to a great measure, a consequence of the political pressure exerted upon Portugal and Spain by the other European nations" (FEB, p.6). Portugal, according to Celso, has sought a "form of economic utilization of the American lands other than the easy extraction of metals [conducted by Spain]" (FEB, p.8), in order to afford the expenses generated by the defense of the territory.

Following certain political decisions, Portugal decided to conduct "the agricultural exploitation of Brazilian lands, an event of huge relevance in the American history" (FEB, p.8). Another comparative note evidences the path opted for by the Portuguese:

[f]rom a simple ousting [*espoliativa*] and extractive enterprise - identical to what was concomitantly taking place in the African coast and the in East Indies -, America becomes a constitutive part of the reproductive European economy, where European technique and capitals are applied, aiming at the creation of a permanent flow of goods destined to the European market (FEB, p.8).

This gives a hint of the peculiarity of the formation of Brazil, according to FEB. The first chapter of the text proceeds from the more general historical comparison to the more specific one: it starts by saying that the occupation of the American lands is different from the Greek and the Germanic migrations cases; then, it specifies that this is an episode of the European commercial expansion that got politicized, triggering the economic occupation of the Americas by both Spain and Portugal; finally, it specifies one step further, stressing that Portugal found a different way of occupying this territory, not only when compared to what Spain had decided, but also with what Portugal itself had done in other parts of the world. This movement of specification throughout the first chapter ends with the following statement: "[it] is a universally known fact that the Portuguese had the precedence [*primazia*] in this enterprise [that is, in the agricultural enterprise in America]" (FEB, p.8).³¹⁰

³¹⁰ In a footnote to this statement, Celso reinforces this precedence, reproducing the following extract from *The Cambridge Modern History* (1909): "Brazil was the first of the European settlements in

The success of this enterprise - the "first large European agricultural colonial enterprise" (FEB, p.9) and the "the only one at that time" (FEB, p.12) - was enabled, or at least very facilitated, by the Portuguese technical advanced condition in this sector. It is worth noting that, to Celso, the Portuguese precedence is not a consequence of any kind of inherent cultural dispositions acquired in previous contacts with other peoples, but a consequence of previous historical experiences in sugar production areas in the world. More specifically, one of the main contributing factors in this sense was the relations the Portuguese had been establishing with the Flemish (in terms both of commercial experiences and of the access to the capital required to the sugar enterprise), by then specialists in the intra-European market.³¹¹ Another contributing factor was the experience Portugal have already had in acquiring, through slavery, cheap and sufficient labor force, since it would be very expensive to attract European workers to America, as well as there was a shortage of labor force within Portugal. It was possible for the Portuguese government to employ a consistent politics of colonization exactly because of these "concrete" enabling factors (see FEB, p.12). The Spanish colonization, in turn, had neither technical means nor the political factor, according to Celso. The lack of these variables caused the economic decline of Spain, which has also contributed to the Portuguese success, since it precluded the Spanish from having dominated the "market of tropical products" (FEB, p.15).

In sum, the set of favorable conditions possessed by Portugal, without which the colonial experience in Brazil would have not succeeded the way it did, comprised "technique of production, creation of market, financing, labor force" (FEB, p.12), besides the political disposition. The commerce of sugar has produced a high income concentration. There were few waged workers in the sugar large state plantations (*engenho*) and few other payments directed to services of transportation and storage; most of the income produced, at least 90%, according to Celso, was concentrated in the hands of the land owners (see FEB, pp.44-5). This income was not substantially invested within the colony, however. Celso resorts to a comparison to elucidate the point: in an industrial economy, he claims, investment generates a

America to attempt the cultivation of the soil". After this quotation, Celso himself recalls that the preceding Spanish attempts had not gone further than "the experimental stage" (see FEB, p.8, n.3).

³¹¹ According to Celso, this relation, intensified in the second half of the XVI century, is a "fundamental factor to the success of the colonization of Brazil" (FEB, p.10).

proportionate growth in the collectivity income; in an economy based on slavery and exportation, on the other hand, part of the income goes to payments abroad (related to the importation of the elements required to the production) and another part, the biggest one, is concentrated in those land owners.

This comparison allows Celso to state that this was not a feudal economy. In his conception, feudalism is a "regressive phenomenon" linked to the isolation imposed upon a certain economy, which, then, becomes incapable of specialization and of taking profit from any division of labor. The slave-based unit goes in the opposite direction: it can be seen as "an extreme case of economic specialization. Contrary to the feudal unit, it is entirely directed to the external market" (FEB, p.50). One of the main consequences of this situation is that it is impossible for such an economy to convert the demographic growth in a "dynamic element of economic development" and to generate any "developmental process based on self-propulsion" (FEB, p.52). As a result, this economy was almost exclusively dependent upon the external market, whose potentiality of being a dynamic factor to other regions of the country has not been actualized: "this dynamic impulse was almost entirely shifted towards the exterior" (FEB, p.55).

The XVI and XVII centuries would witness a slow process of "disarticulation of the system" (see FEB, ch.IV). More precisely, Celso identifies two systems - one based on sugar production and another based on cattle raising - in the "*formation* of the Northeastern economic complex" (see FEB, p.61, italics added). Celso's interpretation of this process is not an assessment of an already-gone past. At least not only that. In his words: "[t]he *forms* that these two systems assume in the Northeastern economy... constitute fundamental elements in the *formation* of what would become the Brazilian economy in the XX century" (FEB, p.61, italics added); or, as he also puts, the disarticulation of the system was itself the process of "*formation* of what, in the XIX century, would become the economic system of the Northeast Brazil, whose characteristics persist until today" (FEB, p.63, italics added).³¹² In my words: Celso is interpreting the formation of contemporary Brazil.

The absorption of Portugal by Spain and the rise of the Dutch Republic as the most relevant actor in the European sea trade comprise, to FEB, the most

³¹² The formation of this system is defined by Celso as "an economic involution" and "decadence" (see FEB, ch.XI).

relevant event to the dynamics of the economic occupation of America.³¹³ The war between Spain and the Dutch would even lead the latter to occupy part of the sugar production area in Brazil for some time. The expertise gained during this period has enabled the Dutch to be a competitor in the sugar market. The French and the English had their eyes on the Americas, aiming at the establishment of a different kind of colonization in the region: a settler colonialism (*colonização de povoamento*), as opposed to the exploitation colonialism (*colonização de exploração*) of the South hemisphere. In another comparative claim, Celso says that "[c]ontrary to what had happened with Spain and Portugal, which had seen themselves afflicted by a permanent shortage of labor force when they started the occupation of America, the XVII century England presented a considerable surplus population, due to the profound modifications in its agriculture initiated in the previous century" (FEB, p.21).³¹⁴

Nevertheless, the success of the sugar production in the Caribbean isles suspended the attempt to consolidate a settler colonialism and "expelled a substantial part of the white population from there, a great amount of which moved to be established in the North colonies" (FEB, p.27), which, then, begun exporting various goods to support the production of sugar in the Caribbean isles. This trade was also favored by the fact that England was at war with France in Europe, reducing its efforts towards the American colonies in the North, which have thus strengthened their position in relation to the colonizer. The contrast between these colonies and the Southern ones have widen; Celso considers that the former, predominantly of small self-sufficient land owners, "constitute communities with entirely different characteristics in relation to those prevailing in the prosperous agricultural colonies of exportation. In these North colonies, the income concentration was much lower and they were less susceptible to abrupt economic contractions" (FEB, p.30).

Celso proceeds with another comparative statement. While in the Northeast the complex formed between cattle raising and sugar production presented a dependence of the former upon the latter, in the South cattle raising preexisted sugar production. The rapid increase in the gold mining, however, has changed again the situation: the mining economy was potentially more capable of developing an

³¹³ Between 1580 and 1640, Portugal kept absorbed by Spain under the "Iberian Union".

³¹⁴ To Celso, "XVII century was the most difficult stage of the colonial political life" (FEB, p.65).

internal market than what had been happening in the sugar areas. This potential has not actualized itself, however, due to the lack of technically-skilled immigrants to conduct the manufacture activities (see FEB, p.79). The debilitated condition of Portugal precluded the accumulation of the appropriate technique; as a consequence, this technical requirements could not be transferred to Brazil, *as opposed to what happened in the Unites States*, to where England transferred technology (see FEB, p.80).

This historical sequence narrated by Celso exposes three stages in the economic occupation of America. The long citation below seems crucial not only in summarizing these stages, but also in mobilizing the criteria with which Celso will later interpret the economic formation of Brazil. In his words,

[t]he first stage had consisted basically in the exploitation of the preexisting labor force, aiming at creating a liquid surplus from the production of precious metals; the second [stage] had materialized itself in the production of agricultural tropical goods through the big enterprises that intensely used the imported enslaved labor force.

In this third stage [after the North colonies started exporting goods to the sugar production areas in the Caribbean isles], it emerged an economy similar to the contemporary European one, that is, with an inside-outside direction, producing mainly to the internal market, without a fundamental separation between those productive activities destined to exportation and those linked to the internal market. This kind of economy was glaringly contradictory to the principles of colonial politics and could be developed only due to a set of favorable circumstances (FEB, p.29).

It is plausible to isolate at least four aspects here. Firstly, the sequential narrative Celso presents is organized from an economic perspective, without completely excluding influential political factors. Secondly, this economic evolution is affected both by dynamics in the colonizers' domestic scene and by crucial political relations between the European states. Thirdly, this historical sequence is identified also through a twofold comparison: one between two kinds of colonialism; the other

between the unfolding of these colonialisms and the situation in Europe at that time. Fourthly, one of the core concepts on which this comparison with Europe relies is the "internal market".

Let me summarize what has been at stake so far. First of all, Celso had specified the conditions that enabled Portugal to succeed in the first European colonial enterprise in America. Then, he noted that the system created by this enterprise was disarticulated due mainly to European economic and political reconfigurations. After that, he noted how this reconfiguration and some specific domestic and external rearrangements have led to two kinds of colonialism, moving along different historical developments.

Celso stresses that, since the second half of the XVII century, already independent from Spain again (in 1640), Portugal had been debilitated and had decided, in order to keep its condition as a colonizer, to establish agreements with England. This alliance would "profoundly change the political and economic life of Portugal and of Brazil during the following two centuries" (FEB, p.32). The survival as a colonial power has cost Portugal a great deal of its autonomy in relation to England: "the XVIII century Luso-Brazilian economy was configured by its articulation - and a fundamental articulation - with the economic system in the quickest expansion by that time, that is, the English economy" (FEB, p.34). With the decline of gold mining, however, the system has relapsed back into an economy of subsistence, unable to be a starting moment of industrialization or to support a consistent urbanization (see FEB, pp.84-5): "[i]n no other part of the American continent it occurred a case of such a rapid and complete involution of an economic system constituted by a population of mainly European origin" (FEB, p.86).³¹⁵

This articulation has deeply affected the formation of Brazil. The Industrial Revolution in England has opened the necessity of new markets to the production. Any kind of privilege Portugal still had should be suppressed. The Portuguese Crown was transferred to Brazil under the protection of England, in 1808, and the independence of Brazil, in 1822, was negotiated without ruptures, according to Celso's interpretation; therefore, all the privileges England possessed in Portugal

³¹⁵ Here, Celso compares gold mining in Brazil with the one in Australia, where, "three quarters of a century later, the unemployment caused by the collapse in production of gold became the starting point for a protectionist policy that made this country's early industrialization possible" (FEB, p.84).

were "automatically transferred to the independent Brazil" (FEB, p.36): "[t]he *peculiar form* through which the independence of the Portuguese America was processed had fundamental consequences in its subsequent development" (FEB, p.36, italics added).³¹⁶

This *encounter* with English modernity did not represent a complete rupture in the formation of Brazil. Brazilian economy had already comprised by that time a "constellation of systems", some of which articulated with each other, whereas others, isolated. The political discontinuity derived from the transference of the Portuguese Crown (1808) and the declaration of independence (1922) was not followed by an economic rupture, despite preserving national unity - or exactly because it preserved it. The articulation with England was defined in terms of an asymmetric relation, a "serious limitation on the Brazilian government autonomy in the economic sector" (FEB, p.94). Comparatively, Celso says that Brazil has not become a "modern nation, already in the first half of the XIX century, as opposed to what happened to the United States" (FEB, p.94). Ricardo Bielschowsky (2009) notes that this comparison with the US "constitutes an expositive artifice skillfully deployed [by Celso] to reinforce the characterization of the *formation* of the underdeveloped economic structure in Brazil" (Bielschowsky, 2009, p.55, italics added; see also Bielschowsky, 2015, pp.48-50).³¹⁷ Brazil's and United States' points of departure were similar, both being dependent on their colonizers and part of the broader mercantile capitalism; nevertheless, their historical formations have gradually distanced their conditions in relation to one another. More precisely, not only different, their trajectories also showed a disparity between what would become a more advanced country and another one, which would become underdeveloped.

³¹⁶ And also, following Celso, for the development of European political relations, since the Luso-Brazilian market opening to England has strengthen English economy: as a result, not only the financial center was transferred from Amsterdam to London, but also the Brazilian gold inserted in the country became crucial to the accumulation of reserves, without which England would hardly be capable of coping with the Napoleonic wars (see FEB, p.83).

³¹⁷ Francisco de Oliveira (1999) notes that the historical comparisons with the US is "an indispensable methodological resource to reach, by establishing similarities and differences, the knowledge of the connection of the meanings of social action in both cases" (Oliveira, 1999, p.328). To Ruggiero Romano (2009 [1970]), this comparison, as well as the one with Europe and the one between Brazil and other Central and South American countries, is a way Celso finds to "truly learn every lesson of his construction" and to advance his concern with the "specificity" of Brazilian case (see Romano, 2009 [1970], pp.438-9).

The first half of the XIX century was marked by close and asymmetrical ties with England. Only later, with the rising condition of the United States and the "nascent ideology of continental solidarity" (FEB, p.38), Brazil became able to claim its independence in relation to England. Nevertheless, "from the point of view of the economic structure, mid-XIX century Brazil was not very different from what it had been in the three preceding centuries" (FEB, p.38), a period of "stagnation or decadence" (FEB, p.110), during which the novelties of Industrial Revolution "have scarcely penetrated the country" (FEB, p.110). According to Celso, the agreements established with England during the XVIII century were not the variables that precluded Brazil from having a freedom of action that would have enabled its industrialization through protectionist measures implemented by the government. It was in place an "immutable economic structure" that survived the political independence and was marked by the absence of "internal tensions" and by the dependence upon the European economies, being "responsible for the relative backwardness of industrialization" (see FEB, p.38). Its integration in the international trade has not worked as way of triggering a developmental process based on the creation of an internal market. In this sense, the now-independent Brazil was "a simple extension of bigger systems", and not "an autonomous system" (FEB, p.95).

This scenario has made impossible to Brazil, in the first half of the XIX century, "the adoption of a policy identical to the one adopted by the United States" (FEB, p.100). Celso is concerned here with a problematization that would be inscribed in most of the economic approaches of that time:

why have the US industrialized themselves in the XIX century, catching up [*emparelhando-se*] the European nations, while Brazil evolved towards the direction of becoming in the XX century a vast underdeveloped region? Overcoming the superstitious fatalism of the theories of climate and 'racial' inferiorities, this question acquired a more real signification from the economic point of view (FEB, p.100).

There is a lot at stake in this question. Let me put into relief at least five aspects. Firstly, the comparison with the United States, which has become increasingly

common since the end of the XIX century and that acquired an even greater relevance since the end of the XX World War. By saying that this comparison has become more frequent, I am referring here not exclusively to the economic approaches, but more broadly to the "interpretations of Brazil". Secondly, the link between the US development and Europe as the model to be desired is also expressed in this question. If, on the one hand, the point is not exactly to replicate the measures historically adopted by "the European nations" or later by the US, on the other hand, the stage they have reached works as a model for the stage Brazil should try to reach. Thirdly, Celso's approach also positions itself in relation to other interpretations of Brazil, mainly those endorsing a "superstitious fatalism", in order to highlight the interpretative inputs brought by "the economic point of view". Fourthly, this comparative move has reinforced the vocabulary of economic development; more precisely, the external parameter (by it the US or the "European nations") at work in FEB is guided by the notion of development and its associated concepts, mainly "underdevelopment" (and, later in the century, also the notion of "developing" countries). And, fifthly, going back to the first point, the way Celso approaches the question and intervenes in the debate expresses how the comparisons he mobilizes and the economic perspective he advances have as their target not only the specific political debates on the path to industrialization, but also the wider problematization of the formation of Brazil. One could even say that, in FEB, the asymmetric counter-concepts centered on the notion of development encounter the asymmetric counter-concepts centered on the notion of modernity. In my words: these encounters with modernity Celso is interpreting are constitutive of the formation of contemporary Brazil.

I want to stick to the way FEB mobilizes the comparison with the US, crucial as it is, as I have noted, to the overall interpretation and, as I will note, to Celso's political position. US development is considered by him a "chapter integrating the development of the European economy itself, being the result, in a much lesser degree, of internal protectionist measures adopted by the American nation" (FEB, p.100). One has to take into account the "peculiarities of this colony", in order to understand how this development was enabled in the first place. Celso stresses that there are important "social differences" between Brazil and the US: while the former's "dominant social class" was composed of big enslaver and agricultural

farmers, in the US it was composed of small agricultural farmers (*pequenos agricultores*) and a group of "big urban merchants" (see FEB, p.101).

At this point, Celso mobilizes a very significant comparison to illustrate these differences. According to him, the two main interpreters of the ideals of the ruling class in their respective countries are the Adam Smith's disciples Alexander Hamilton, in the US, and Visconde de Cairu, in Brazil: "[h]owever, while Hamilton becomes the paladin of industrialization... advocating and promoting a decisive state action of a positive character - direct inducements to the industries, and not only passive measures of the protectionist character -, Cairu believes, superstitiously, in the invisible hand, and repeats: *let it make, let it pass, let it sell*" (FEB, p.101, italics in the original).³¹⁸ Hamilton's great merit was to conceive a financial policy to US central government that enabled the country's development, by transforming it from an exporter of raw materials, as it was the case of Brazil, to an internally economically-dynamic country. The central and states governmental actions towards the building of an economic infra-structure and the promotion of basic activities were also relevant in this process. Cairu, in turn, by advocating government's non-interference, was expressing the wrong political decisions, attached to a wrong, or rather "superstitious", interpretation, held by Brazilian ruling class, about the right path Brazil should take towards industrialization.

The expansion of the coffee production in the second half of the XIX century has changed the basic aspects of the economic system. As a consequence of the wealth derived from its cultivation, "it was *formed* a solid core of stability in the central region closer to the capital [Rio de Janeiro], which, then, became an actual center of resistance against the disaggregating forces at operation in the North and in the South" (FEB, p.97). Coffee economy has attracted the labor force from the North to the South and have also marked the "*formation* of a new business class that will play a fundamental role in the subsequent development of the country" (FEB, p.114, italics added). Now, the comparison Celso advances contrasts the process of formation of the classes linked to coffee, on the one hand, and those linked to sugar, on the other hand. The former has been formed in a straight

³¹⁸ To reinforce, it is not my purpose here to discuss whether Celso's interpretation of Adam Smith, Alexander Hamilton or Visconde de Cairu was "right" or "wrong", or even if it was "plausible" or not; my point, instead, is to interpret how he mobilizes the names, in order to compare the US to Brazil in terms of economic formation.

connection with the central government, subordinating the political instrument to their interests, a process intensified with the regional autonomy gained after the Republic (1889).

Understanding the "*form of expansion of Brazilian economy*" (FEB, p.119, italics added) was crucial to apprehend how the problem of labor force was configured. Celso resorts to another comparison, this time with the industrialization process of the "European economies" during the XIX century.³¹⁹ *There*, to the extent that new techniques were penetrating, "the pre-capitalist system" was disaggregating and the process of urbanization was intensified; this scenario stimulated demographic growth followed by an increase in medical and social assistance, despite the fact that this process have also lead to the deterioration of workers' living conditions. *Here*, growth was basically the incorporation of labor force, in order to extend the use of land, whose ownership was hugely concentrated and the subsistence economy, dispersed (see FEB, pp.119-20).

The shortage of labor, coupled with a series of other conditions, has led to the only available solution: the European immigration (see FEB, ch.XXII). Another population dislocation at this time was the move from the Northeast to the North (Amazon), also guided by requirements on agriculture (see FEB, ch.XXIII). Compared to the former, this second movement of populations was much less favorable, in terms of the living conditions of the workers (see FEB, pp.133-4). Celso notes that the subsequent development of these two regions expresses a huge contrast: "[c]offee economy... would prove to be sufficiently solid to extend itself into an industrialization process... The rubber economy [in the North], on the other hand, would enter in an abrupt and permanent prostration" (FEB, p.134, n.121). Also, the development after the Abolition has showed a regional disparity in terms of the income redistribution, the sugar economy (in the Northeast) being substantially less able to redistribute income when compared to coffee economy (in the South).³²⁰ That said, Celso notes that slavery was more relevant as a pillar of a

³¹⁹ In fact, the most recurrently country mentioned by Celso as the comparative parameter of industrialization is England.

³²⁰ Celso says that the "man formed within this social system [based on slavery] is totally unequipped to respond to the economic incentives. Hardly having habits of family life, the idea of wealth accumulation is almost alien to him. In addition to that, his primitive [*rudimentar*] mental development limits in a great measure his 'necessities'" (FEB, p.140), creating a tendency that he will opt for leisure, instead of working, any time his salary reaches the minimum requirements for living. To Celso, this "reduced mental development of the population under slavery" slows its

"regional system of power" than as the organizational form of production. Therefore, the Abolition had little impact on the latter, as well as on the income distribution. At the same time, however, it did eliminate the power system of the colonial times, which was raising obstacles to the economic development of the country (see FEB, pp.140-1).

The replacement of the slave-based system by the wage-labor system has provoked significant changes in Brazilian economy. Despite conserving the country's political unity, Brazilian Empire was incapable of dealing with the problem of labor force at that transitional moment with proper economic policies, provoking the intensification of divergences between different regions. The theoretical framework able to explain "the European reality" would not be adequate for a country of a "dependent economy" (see FEB, pp.156-7). Celso says that interpreting this dependency relations requires avoiding an all-too-common comparison: "as Brazilian economy constituted a dependency upon the industrial centers, it was hardly possible to avoid the tendency of 'interpreting' the economic problems in the country through an analogy with what was happening in Europe" (FEB, p.160). Nevertheless, a dependent economy, exporter of primary products, was differently integrated in world economy and its "reality" should not be compromised in name of an "idealist interpretation of reality". Celso says that the "mimetic effort", that is, the attempt to submit Brazilian economy to the rules prevailing in Europe, was very common in the public man in Brazil during the XIX century until the first three decades of the XX century (see FEB, p.160).³²¹

In sum, similarly to the colonial condition, which survived, even if modified, the political independence, the slavery system would survive the Abolition, even if also modified. Discontinuities were taking place, but they were not complete ruptures. In Celso's words: the "relative backwardness [of Brazilian economy in the current stage] is caused not by the pace of development in the last a hundred years, which seemed to have been fairly intense, but by the regression that took place in the previous seventy five years" (FEB, p.150). Brazil was not capable of "integrating itself in the expanding flows of world trade during this stage of rapid

assimilation after the Abolition, "paralyzing [*entorpecendo*] the country's economic development" (FEB, p.140).

³²¹ Although Celso is discussing more specifically the monetary problems, he suggests that this "mental inhibition to apprehend reality from a critical-scientific point of view" is a more general problem in this period (see FEB, p.160).

transformation of the economic structures of the most advanced countries", therefore there were created "profound dissimilarities between its economic system and the systems of those countries" (FEB, p.150). In other words, the process of incomplete rupture and the absence of an adequate international integration have constituted contemporary Brazil.

The proclamation of the Republic, in this sense, expressed the above-mentioned internal divergences between regions and also the increasing dispute between groups linked to exportation and other groups, such as "the urban middle class - civil and military governmental employees and employees in the trade sector -, rural and urban waged workers, agricultural producers linked to the internal market, foreign companies that exploit public services" (FEB, p.172). Both the agricultural and the industrial productions have been increasingly destined to the internal market, to which the economic "dynamic center", previously situated on the external market, was dislocated (see FEB, ch.XXXII). Concurring to this dislocation were the expansion of coffee production and the protectionist policies towards the coffee economy. This scenario has enabled Brazil to suffer less damaging consequences from the 1929 world crisis. The 1930s in Brazil, according to Celso, were crucial in this sense, since they created favorable conditions to a way-out of the typical hindrance of "dependent economies" and "underdeveloped countries", that is to say, the huge difficulties to the installation of capital goods industry (see FEB, p.199). In addition to that, the 1929 crisis has triggered a series of state regulatory measures that Celso considered decisive to the early economic recovery from the world crisis - a recovery in principle unexpected, since Brazilian economy was dependent on the exportation of primary products.

If the second half of the XIX century exposed the transformation from a slave-based economic system to a wage labor system, the first half of the XX century exposes the "progressive emergence of a system whose main dynamic center is the internal market" (FEB, p.233).³²² The role of the external market changes in this process. Celso notes that "economic development" is not necessarily

³²² Vera Alves Cepêda provides an overview of the debate at stake in Brazil at that time (first half of the XX century), emphasizing the relation between "the conscience of underdevelopment" and the valorization of the state intervention to the detriment of a more active role of civil society. This has been accompanied by an opposition towards "liberalism" in two fronts, economic and political: "economic due to the perverse peripheral situation; and political due to the necessary adoption of protectionist mechanisms operated by the state in name of the nation" (Cepêda, 2010, p.230).

related to a reduction of the foreign trade's share in the national product: "[i]n the first stages of development in regions of scarce population and plenty of natural resources, a rapid expansion of the external sector enables a high capitalization and opens the path towards the absorption of the technical progress - as we have observed in the comparison between the experiences of Brazil and the US in the first half of the XIX century" (FEB, p.233). The changes in the following developmental stages should point, according to him, towards the consolidation of an integrated internal dynamics. whose formation would progressively lead to autonomy and independence.

Referring directly to his times, Celso stresses that, in mid-XX century, Brazilian economy had reached, on the one hand, a "certain degree of articulation between the distinct regions"; and, on the other hand, the "disparity of regional income levels had notoriously increased" (FEB, pp.237-8). The industrialization that was taking place after the prosperity of the coffee economy was intensifying the regional income concentration. This problem requires, in Celso's view, "a new form of integration of the national economy, different from the simple articulation that was processed in the first half of the [XX] century" (FEB, p.240). To him, the internal (national) inequality detrimental to the Northeast region preceded the industrialization of the South and is not necessarily deepened by it; instead, the cause of the Northeast "decadence relies in the incapacity of the system to overcome the *forms* of production and use of resources structured in the *colonial epoch*" (FEB, p.241, italics added). In a text entitled "Operation Northeast", from 1959, the same year FEB was first published, Celso says that this increasing articulation processed in the first half of the XX century produced more inequality within Brazil, "[reproducing] the same scheme of geographical division of labor that [vitiated] all the world economy development, with its industrialized metropolises [*metrópoles*] and raw-material-producer colonies" (Furtado, 2013 [1959], p.339). In other words, the internal articulation between the Northeast and the South has given an extended life to this old system and to the old system of the monocultures, which are "necessarily an antagonist to every industrialization process" (FEB, p.241); a process similar to that occurred between countries. Hence, Celso says that the economic integration to come "requires, on the one hand, the rupture of archaic forms of using resources in some regions and, on the other hand, an overview of the use of resources and factors in the country" (FEB, p.242). Contemporary Brazil, to

him, lives a huge lag between its "level of development" and the "constellation of potential resources" (FEB, p.242).

Let me recall that the first words of FEB (chapter I) are the following: "[t]he economic occupation of the American lands constitutes an episode of the European commercial expansion" (FEB, p.5). The consequences of this episodic beginning of the economic occupation in America would be inscribed in the subsequent history of the formation of contemporary Brazil. The lag between country's potentiality and its level of development can only be properly interpreted, following Celso, if one considers how the changes throughout the centuries were accompanied by structural continuities. This does not mean that Celso isolates a certain rigid and unchanging structure from any changes that may take place over time. I just want to suggest that FEB is both a narrative of the historical sequence in the economic formation of Brazil and a structural interpretation that, in the end, impels the reader back to its beginning, which is also the beginning of the economic formation in the historical sequence proposed. In other words, the national present is marked by reminiscences of the colonial past that condition the future possibilities in terms of independence, autonomy, development... in sum, in terms of an authentic national condition.

As I have been claiming, contemporary Brazil, in FEB, can be interpreted through the traces of the concept of "formation" exposed in the text. These uses have at least five interrelated dimensions: (1) the focus on exploring the potentialities in the achievement of an authentic national condition, that is, an independent, autonomous, developed, industrialized country; (2) the concern with the reminiscences of the colonial past in the underdeveloped condition of the present, which raises obstacles to a complete rupture with the structural condition formed in previous centuries; (3) the emphasis on the internal regional inequality, mainly between the archaic Northeast and the modern South; (4) the account on the external dynamics constituting dependency relations between modern countries, mainly the United States and Europe, and dependent economies, such as Brazil, which is also tied to a comparative account, contrasting the formation of modernity in independent economies and the formation of an incomplete, underdeveloped modernity in dependent economies; and (5) the attention devoted to the singularity of Brazil, politically independent from Portugal, but economically dependent, first upon England then upon external trade.

That said, I want now to raise some aspects of Celso's interpretation that express his position in political debates of his times. As I have been noting, the vocabulary of "structure" and "dependency" and the double comparative approach (that is, the comparison between, on the one hand, Brazil and, on the other hand, "Europe" and the US; and the comparison between regions of Brazil) have marked Celso's interpretation.³²³ Perhaps the very first thing to be highlighted, in this sense, is the crucial influence the *Comissão Econômica para a América Latina e o Caribe* (Economic Commission for Latin America and the Caribbean; henceforth Cepal), created in 1948 by the United Nations, exerted upon FEB.³²⁴ More specifically, Celso approaches the economic formation of Brazil from a structuralist perspective that Raul Prebisch had been advancing to interpret Latin America's "underdevelopment" in relation to the "central economies".³²⁵

According to Ricardo Bielschowsky (2010), one of the main contributions of Celso's interpretation to structuralism was his long-term historical perspective:

the objective was to show that Brazilian economy had the characteristics, indicated by Prebisch, of low diversity and duality, so that the process of industrialization in the 1950s could be understood as problematic due to the 'historical-structural' restrictions to growth that derived from these characteristics, and so that the state coordination could be understood as indispensable to overcome them

³²³ It is important to say that, as I am focusing here on the uses of the concept of "formation" in FEB, I will not discuss Celso's interpretation of the formation of Latin America, although this was a crucial part of his work and mainly of Cepal as a whole.

³²⁴ It is not my purpose here to discuss the debates within and around Cepal, but to mention them only to the extent that they help me to emphasize some aspects of FEB. Celso assumed in Cepal the position as the Director of the Economic Development Division the year it was created and stayed until 1957 (see Oliveira, 1999).

³²⁵ For a brief discussion of the relations between Celso and Prebisch, see Bielschowsky (2010, especially section II; 2015, p.45). It is worth noting that another other conceptual articulation of Cepal was the center-periphery relation, which is also a concern to FEB, even if not the main conceptual discussion of the text. Luiz Felipe de Alencastro (2009) mentions, besides Cepal, the influence Celso received from the debates around "a leftist Keynesianism" during his time at the University of Cambridge in the 1950s (see Alencastro, 2009, p.31; and Mallorquín, 2014, p.296); Mauricio Coutinho (2009 [2008]), on the contrary, claims that FEB is not influenced by his time in Cambridge, only by the Latin American debate (see Coutinho, 2009 [2008], pp.525-6). Fernando Henrique Cardoso (2013 [1978]), Francisco de Oliveira (1999), Ricardo Bielschowsky (2009; 2015), Mauricio Coutinho (2009 [2008]) and Rose Maria d'Aguiar Furtado (2009) have also noted how Celso himself exerted an immense influence on a certain intellectual and political generation. I want to reiterate, however, that I have no ambition in this text to discuss in detail how the texts I am interpreting have influenced each other or a wider academic or non-academic scene. It is also not my point to excavate the influences inscribed into the texts selected.

(Bielschowsky, 2010, p.185; see also Bielschowsky, 2015, pp.45-6).

It is worth recalling that, to Celso, "in a economy of great potentialities and of a low level of development, the last thing to be sacrificed should be the pace of its growth" (FEB, p.232). From both quotations, it is possible to see the intimate relation between the structural perspective and the political position in favor of a governmental interference aiming at rupturing this structural reproduction.³²⁶

This duality mentioned by Ricardo Bielschowsky is of the "dual-structuralism" inscribed in the way Cepal and Celso reflected upon Latin America and Brazil. In FEB, this duality is constituted by the distinction between, on the hand, the modern sector of national economy and, on the other hand, the archaic sector. Francisco de Oliveira stresses that, in FEB, "coffee economy will be the fundament of the modern sector, while the subsistence economies of Minas [the state of Minas Gerais] and of the Northeast, as well as the rest of the sugar economy, also regressing, will work as the archaic or backward sector" (Oliveira, 1999, p.327).³²⁷ As I have already discussed, this internal comparison is always accompanied by an external comparison and by attention given to the relations between the external and the internal dynamics. Ricardo Bielschowsky puts into relief three main lines of argumentation in FEB: the contrast between the Brazilian underdevelopment and the US development;³²⁸ the determination of the obstacles to the income expansion, to the formation of the internal market and to the diversification of the productive structure throughout the centuries; and the structuralist concern with the internal heterogeneity in Brazil (see Bielschowsky, 2000 [1988], p.166; 2009, p.53). Inequality among countries coexisted, sometimes reinforcing, inequality within the Brazil. These two dimensions were intimately

³²⁶ In 1987, referring to the structuralism that emerged in 1950s, Celso said that it has no direct relation with the "French structuralist school", since it was concerned with "stressing the relevance of the non-economic parameters of the macroeconomic models" (Furtado, 2013 [1987], p.60). Ricardo Bielschowsky (2000 [1988]) affirms that FEB was "the decisive historical study to the legitimation [of structuralist analysis], at least in respect to the case of Brazil" (Bielschowsky, 2000 [1988], p.163).

³²⁷ The internal tensions that emerged during the crisis of the coffee economy enabled the emergence of "the elements of an autonomous economic system, capable of generating its own growth impulse, definitely finishing, then, the colonial stage of the Brazilian economy" (FEB, p.38).

³²⁸ The comparison with the United States was very common among the thinkers associated to Cepal (see Alencastro, 2009, p.37; and Bielschowsky, 2009, p.50).

connected, since the formation of Brazil is inseparable from the external conjuncture.

As Ricardo Bielschowsky (2000[1988]) has showed, since the 1930s, as industrialization became a central concern to the academic and the public debates in Brazil, "developmentalism" has become a key concept in the controversies regarding the articulation between the public and the private sectors in the formation of the country. The defense of an active state should not be confused, however, with the defense of a non-democratic interference. It expresses, in fact, the resistance against the idea that industrialization, by itself, would correct national inequality between regions and, therefore, the condition of underdevelopment in Brazil. In that scenario, FEB worked as Celso's "instrument of intellectual militancy... towards the consolidation of the Brazilian developmental consciousness, which required a historical argumentation" (Bielschowsky, 2009, p.49). This militancy and the structuralist approach advanced by Cepal and absorbed by Celso represents a problematization of liberalism (see Bielschowsky, 2009, p.67) and of modernization (see Cepêda, 2012, pp.114-5).³²⁹ According to Vera Alves Cepêda (2012), both Cepal's and Celso's theoretical-methodological model, as well as

the Brazilian Marxist currents, the assimilation of the Keynesian postulates and the application of the sociological model of development based on [Karl] Manheim... are expressions of a moment of the Brazilian and Latin American scientific production in which the problem of *formation* could only be reached through a history that was devoted to scenarios, alternatives and political choices specific to the peripheral context (Cepêda, 2012, p.102, italics added).

More specifically in relation to Celso's interpretation, Vera notes that his economic approach to the formation of Brazil is substantially political: "the economic backwardness prevents the realization of the nation and, to realize it, it is necessary to transform economy" (Cepêda, 2012, p.108). This transformation of economy is

³²⁹ It is worth mentioning that theses from Cepal were not unanimously received by "liberals" or even by some currents of the "left" (see, for instance, Cardoso 1980 [1977]).

inseparable from a political process that enables the potentialities of Brazil to be worked towards the actualization of the nation. As I will reinforce below, Celso defends an active participation of the state in the economic functioning of Brazil, in order to reach an authentic national condition; at the same time, the formulation of appropriate economic policies requires the proper interpretation of Brazilian "reality", which is only possible once the interpreter decides not to replicate the "European" theories to the dependent and peripheral condition of Brazil. In sum, the economic policies that can promote development, therefore the national, independent condition are themselves conditioned by a political position that needs to, first and foremost, deny the mimetic approach towards "Europe" or the United States.³³⁰

Before pointing out how Celso himself tried to do that, let me mention very briefly two other interpreters of Brazil who were by then running along similar lines. Fernando Henrique Cardoso and Enzo Faletto's *Dependência e Desenvolvimento na América Latina* (Dependence and Development in Latin America) stands as one of the most important articulations of a "global interpretation of development". In this text, published in 1970 (written between 1966 and 1967), they address the relations between the economic, political and social dimensions of development, and the ties between the "national" and the "external" domains. One reads, in one of its crucial passages, that "when it is a matter of linking the strictly economic analysis to the comprehension of the political and social development, the basic problem to be formulated is not only related to the characteristic of the social structure of a given society, but mainly the process of its *formation*"; also, the links between internal and external social forces must be considered, that is, it is necessary "to address the orientation and kind of action of the social forces that push this society in order to preserve it or change it, with all the political and social repercussions that imply the balance of groups both in the national level and in the external level" (Cardoso and Faletto, 1979 [1970], p.18. italics added). In this sense, they seek to find "the characteristics of national societies that express the relations with the center" (Cardoso and Faletto, 1979

³³⁰ Vera resorts to others of Celso's texts to make the claim that, to him, it is not always the case that the economic transformation is a means to the political realization of the nation; depending on the text, the relation between economy and politics could be read in the opposite direction (see Cepêda, 2012, pp.108-9). As it is beyond my scope here to go into the details of these other texts, I will not discuss Vera's claim.

[1970], p.28), highlighting the internal composition of forces, and therefore challenging the perspective posing a "structural dualism" between an archaic and a modern sectors within Brazil. Internal inequality is seen by them through the ties between national and international actors configuring the center-periphery relations (see Cardoso and Faletto, 1979 [1970], ch.II; see also Cardoso, 1980 [1972] and 1980 [1976]). I cannot do justice to this text here, but I want to stress that it brings to the fore movements that have been crucial to my general problematization; that is to say, their interpretation of "Latin America" works not only through a modernizing perspective, but also as a problematization of "global capitalism", especially of the stagist and economicist view of development, that is, as a critique of modernization.

Francisco de Oliveira also highlighted in 1972, in *Crítica à Razão Dualista* (Critique of the Dualist Reason), that isolating political conditions from the economic dimensions is a "methodological vice that is accompanied by the refusal to recognize itself as ideology" (Oliveira, 2003 [1972], p.30). His point was that the dualism posing a separation between "modern" and "backwarded" sectors was completely misguided; "in fact, the real process shows a symbiosis and an organicity, a unity of contraries, in which the so-called 'modern' grows and is fed by the existence of the 'backward', if one wants to keep the terminology" (Oliveira, 2003 [1972], p.32). Instead of a duality, there is a "dialectical integration": in Brazil, the expansion of capitalism "takes place introducing new relations into the archaic and reproducing archaic relations in the new" (Oliveira, 2003 [1972], p.47, p.60). Hence, "underdevelopment" is a "capitalist formation"; that is, it is an economic, social and political production, instead of a historical stage.³³¹ That said, let me go back to Celso Furtado.

In 1953, Celso concluded the text *A Economia Brasileira* (Brazilian Economy) which would later pass through some modifications and improvements to become FEB. In 1954-5, already back to Brazil after his period in Santiago, Chile, working at Cepal under the direction of Raul Prebisch, Celso assumed to position

³³¹ In 1972, Francisco de Oliveira associated the "dualist reason" to the theoretical contributions of Cepal (his other target, less worthy of recognition in terms of theoretical sophistication and political contribution, was the economic model endorsed by the militar regime in power in Brazil). In 2003, however, he reiterated that his position against Cepal, including Celso Furtado, was partially misleading: "*Critique of Dualist Reason* is Cepaline and Marxist, in that it shows how the articulation of the economic forms of underdevelopment included politics not as an externality, but as a structuring feature" (Oliveira, 2003, p.128).

of the head of *Grupo Misto Cepal-BNDE* (Mixed Group Cepal-BNDE),³³² where he was in charge of preparing a study to serve as support for the development program to the period 1956-1961. This was, according to Ricardo Bielschowsky (2000 [1988]), "the first application of the recently-elaborated programming technique of Cepal" (Bielschowsky, 2000 [1988], p.133; see also Ioris, 2014, pp.57-8). Also in 1954-5, he led the formation of the *Clube dos Economistas* (Economists Club) and the creation of *Revista Econômica Brasileira* (Economic Brazilian Journal): both initiatives aimed at "contributing to the consolidation of an ideological base to the developmentalist project, through the participation in the economic debate in the country" (Bielschowsky, 2000 [1988], p.133).

In 1958, Celso was invited by the then-Brazilian president Juscelino Kubitschek to discuss the condition of the Northeast in Brazil and became responsible for planning an economic policy to that region. He, then, proposed, in 1959, the same year FEB was published, the creation of the *Superintendência do Desenvolvimento do Nordeste* (Superintendence of Northeastern Development, henceforth Sudene), which would be captained by Celso himself.³³³ Francisco de Oliveira (1999) reinforces that the project of Sudene is "entirely based on the interpretation of the 'Northeastern economic complex'" (Oliveira, 1999, p.325). In a text published in 1959, Celso said that "[w]e are convinced nowadays that, in addition to preserving our territorial integrity, it is a crucial function of the Brazilian state the development of this country's immense potentialities", and that Sudene would unify governmental policies towards the development of the Northeast (see Furtado, 2013 [1959], pp.343-5). This institution was one of the main political efforts he conducted to rupture the structural inequality and eradicate the colonial past of the Brazilian present.³³⁴

³³² BNDE is the *Banco Nacional de Desenvolvimento Econômico* (National Economic Development Bank), created in 1952 to be the agent to formulate and execute the national policy of economic development; in 1982, it became BNDES, *Banco Nacional de Desenvolvimento Econômico e Social* (National Economic and Social Development Bank).

³³³ According to Rose Freire d'Aguiar Furtado (2009), the first meeting between Juscelino and Celso happened in January, 1959, the same month FEB was published (see Furtado, 2009, p.16).

³³⁴ Celso was the Sudene's Superintendent under the governments of Juscelino Kubitschek (from the creation of Sudene until 1961, last year of Juscelino's government), Jânio Quadros (1961) and João Goulart (1961-1964). He was also Brazil's first Minister of Planning (1962-3), in João Goulart's administration. As Minister, he formulated in 1962 the Triennial Plan for Development, in which "the main structural reforms required to obtain an authentic development of Brazil" are sketched (Furtado, 2013 [1987], p.80, n.12). The military coup in 1964 revoked his political rights, regained only a decade later. In an autobiographical note of 1973, Celso says that his activities as an economist unfolded in three phases: the period in Cepal, during which he had "a direct contact with the

The prevailing conception that specialization and free international trade would bring development and reduce inequality among and within countries was contested by Celso, since, as it was discussed above, he defended that central and dependent economies presented two very different economic formations and dynamics. Summarizing the interference that his 1950s reflections on underdevelopment had upon the economic policy, Celso mentions: "the abandonment of the criterion of a static comparative advantage as a fundament to the insertion in the international division of labor"; "the introduction of planning as an instrument ordering state action, whose functions in the economic field tended to grow to the extent that the efforts to overcome underdevelopment expanded"; and "the strengthening of civil society institutions" (see Furtado, 2013 [1987], p.79).³³⁵

As Fernando Henrique Cardoso (2013 [2009]) stresses, FEB shows both "structural determinants" and "contingent elements" in a dialectical relation, but this relation is devoid of identifiable agents controlling the entire process; FEB "is not a book of economic history, but a *global reconstruction of the economic formation of Brazil* from the application of a 'certain economic theory to the historical aspects underlying reality' (quoting Celso Furtado himself)" (Cardoso, 2013 [2009], p.224, italics added).³³⁶ This "reality", as Francisco de Oliveira (1999) observes, is not a stage in the inevitable capitalist development towards national maturity; it is situated, instead, in a center-periphery pattern of relations, constituting "underdevelopment as a *singular historical formation*" (Oliveira, 1999, p.327, italics added). Vera Alves Cepêda (2012) adds that this singularity marks a different transition to modernity, challenging the "idea of a Universal History, of a single

problems of development in most of the Latin American countries"; the years dedicated to Brazilian Northeast, during the administrations mentioned above; and the period abroad, in the US and in France. These activities, according to him, have advanced around three topics: the capitalist expansion, "the specificity of underdevelopment and the historical *formation* of Brazil from an economic angle" (see Furtado, 2013 [1973], pp.46-7, italics added). For Celso's own narrative of Cepal's creation, first studies and influence upon Latin America, see Furtado (2013 [1988]), where he defines it as "a Latin American achievement" (p.84).

³³⁵ The section of the text in which these points are exposed is expressively entitled "frustrations of a reformist", published in 1987.

³³⁶ It is constantly noted that this economic theory is profoundly indebted to Cepal (see, for example, Oliveira, 1999; Furtado, 2009; Bielschowsky, 2009, 2010; Cardoso, 2013 [2009]). The absence of identifiable agents and the relation between history and economy in FEB have been noted since it was first published. Nelson Werneck Sodré (2009 [1959]), Paulo Sá (2009 [1959]) and Renato Arena (2009 [1959]), for example, have criticized FEB for its excessive economicism and its lack of historical accuracy. It has not been my purpose here, however, to discuss these points, but rather to interpret how history and economy work in the formation of Brazil in FEB.

capitalism and a single modernity" (see Cepêda, 2012, p.101). In the same vein, Ruggiero Romano (2009 [1970]) had noted that, by emphasizing the interpenetration of the archaic and the modern, FEB both questions this inevitability of development and intervenes on the economic, historical and political grounds, contributing to avoid the repetition of the errors in these spheres. That said, by resisting the application of a "European" economic theory to "Brazilian reality", Celso is not only questioning how the economic formation of Brazil unfolded, but also the assumptions policy makers, economic analysts and interpreters of Brazil in general hold, in order to produce knowledge and take political decisions.³³⁷ In the terms I have been working with here, FEB exposes different encounters with modernity constituting contemporary Brazil.

It is worth mentioning here that, in 1958, the final report to The Rockefeller Foundation (which had conceded Celso a scholarship) was also a response to the critics that questioned the conceptions developed by Celso and by Cepal in general. In his words: "what is the answer the body of economic knowledge has to the main problems linked to the underdevelopment of our countries? To what extent the work that we have been doing is consistent in face of the fundamental principles of the theories of price (resource allocation), of employment (use of productive capacity) and of international trade?" (Furtado *apud* Furtado, 2009, pp.13-4).³³⁸ These questions were guided by Celso's concern with the historical production of underdevelopment; as he would put later in 1987, the central question of his reflection on underdevelopment is the following: "[h]ow one can explain that countries that have arisen from the European economic expansion, and whose structures were created to enable this expansion, have accumulated so much *backwardness*?" (Furtado, 2013 [1987], p.53, italics in the original -entre inconformismo e reformismo). To put it differently, Celso problematizes the

³³⁷ Celso's words in 1961: "Underdevelopment is...an autonomous historical process, and not a stage through which the economies that have already achieved a higher level of development have necessarily passed" (Furtado, 2013 [1961], p.129). Later in the same text: "underdevelopment does not constitute a necessary stage of the process of *formation* of the modern capitalist economies. It is, in itself, a particular process, resulting from the penetration of capitalist enterprises into archaic structures" (p.139, italics added); this particularity requires "an effort towards an autonomous theorization" (p.140). In 1990, in a text that would be published in 1992 as "The Underdevelopment Revisited", Celso said that "[o]ne of the paradoxes of the underdeveloped economy is that its productive system presents segments that operate in different technological levels, *as if in this economy coexisted different epochs*" (Furtado, 2013 [1990], p.274, italics added).

³³⁸ Celso went to Cambridge University in 1958, after ending his professional activities at Cepal (see Coutinho, 2009 [2008], p.525).

formation of Brazil as an episode of the European expansion, constituting a specific condition of underdevelopment.

Vera Alves Cepêda (2012) argues that Celso's theory of underdevelopment and his project for development are concomitant, but different. The former is based on the "examination of the formation of Brazilian society from the historical-structuralist method" and is focused on the colonial heritage, "the past that constructed the bases of the backwardness and the cap that limits national development"; that is, this theory "is a diagnosis of the formation of our *déficits*" (see Cepêda, 2012, p.93, italics in the original). At the same time, the project for development is a theory that relies on a prognostic that aims at formulating strategies to overcome the peculiar condition of underdevelopment. Celso himself, in an autobiographical text published in 1973, said that FEB is part of a general concern: "the effort to understand Brazilian *backwardness* led me to think about the *specificity* of underdevelopment" (Furtado, 2013 [1973], p.47, italics in the original).³³⁹ Although this statement can give the impression of a sequence composed of, first, a diagnostic and, then, a theoretical outcome, it is important to take into account that the diagnostic is itself already conceptually-informed. Vera's differentiation and Celso's statement should not lead one to assume that historical interpretation and political decisions mark two completely separate moments in the latter's text. If, on the one hand, it is plausible to say that the former does not simply determine the latter (nor the other way around), on the other hand, it seems imprecise to say that they rely on two different theories, one linked to a diagnostic of the past, the other linked to a prognostic of strategic decisions to be made. In other words, my claim is that past, present and future are entangled in Celso's interpretation, so it is his political position. Vera herself seems to go in that direction when she says that "[o]nly as theory would the thesis of underdevelopment assume a twofold political function: the negation of a model and the affirmation of another one" (Cepêda, 2012, p.107). More precisely, the model of economic liberalism, propagating a universal format, is challenged by another model, claimed to be

³³⁹ Celso adds that "the final objective was to understand the reasons of *backwardness* in a country that gathered the potentialities that Brazil did" (Furtado, 2013 [1973], p.47, italics in the original - aventuras). Carlos Mallorquín (2014) said that FEB expresses Celso's position that Latin-America specificity required "a *sui generis* theorization" and that "the conventional economic discourse is impotent to build a framework that comprehends underdevelopment" (Mallorquín, 2014, pp.294-5).

accurate to a peripheral condition. As a consequence, to Celso, this latter condition requires specific political actions, so that underdevelopment can be eradicated.

To be clear: by entanglement between Celso's interpretation of Brazil and his political positions, I do not mean a unidirectional determination, as if his interpretation could only lead to his specific political position (or the other way around). I will resort very briefly to another text from him, in order to make this little sharper.

As Mauricio Coutinho (2009 [2008]) observes, FEB exposes a certain optimism in relation to the potentialities of overcoming Brazilian underdevelopment. An optimism that would vanish in the next decade, mainly in face of the Latin American dictatorships and the economic stagnation (see Coutinho, 2009 [2008], pp.542-3).³⁴⁰ In 1967, Celso was in Paris, where he spent part of his exile (after the 1964 military coup in Brazil), and, following Jean-Paul Sartre's suggestion, he organized a special number, entirely dedicated to Brazil, of the journal *Les Temps Modernes* (The Modern Times).³⁴¹ His text, "Brazil: from the Oligarchic Republic to the Military State", begins by saying that the image of Brazil as a country of the future, provided with huge quantities of resources, with a rapidly expanding population and an original and vigorous culture, "contributed to obliterate other aspects of the reality of a country of wasted resources, in which the misery of a big part of the population has no other explanation than the resistance from the dominant classes to every change capable of putting at risk their privileges" (Furtado, 1977 [1967], p.1). By that time, Celso said that the future of Brazil was being hampered, or even suppressed, by decisions and omissions from certain groups.

With those considerations, Celso states that "the *formation* of a nation state as the main decision-center capable of interfering effectively on the economic and social processes, has been slow, due to the inexistence, until the industrialization stage, of an authentic economic interdependence between the regions of the country" (Furtado, 1977 [1967], p.3, italics added). Celso begins this text by

³⁴⁰ I would simply beg the question if I affirmed that Celso's texts can be divided into a pessimist phase and an optimist one. Hence, and taking into account that I do not intend to discuss his "entire work", I leave this discussion aside here.

³⁴¹ Besides his text, the number contained texts from Hélio Jaguaribe, Francisco Weffort, Fernando Henrique Cardoso, Florestan Fernandes, J. Leite Lopes, Otto Maria Carpeaux, Jean-Claude Bernadet and Antônio Callado. This special number would be later published as a book and translated to many languages.

reinforcing some of the main points already present in FEB, especially regarding the historical evolution of the country. Nevertheless, a little later he adds that other aspects of this evolution are also relevant, such as "the ascension of the military class and its increasing political projection" (Furtado, 1977 [1967], p.5). Hence, since the second half of the XIX century, the Armed Forces have gradually projected their interests onto the political scene, until then majorly dominated by people coming from Law schools.

Two phenomena are highlighted by Celso as crucial to the "recent evolution of Brazil": the already-mentioned "precocious modernization of the Armed Forces in the scope of a nation state that was only being structured" and the "rapid growth of an urban population", mainly linked to middle class groups (see Furtado, 1977 [1967], pp.6-7). This scenario raised the demand for incorporation of this middle class into the "national political process" and, therefore, a "structural conflict between the oligarchic class, aiming at preserving the monopoly of power, and the urban middle groups that wanted to have access to power" (Furtado, 1977 [1967], p.7). This conflict permeated the political life from 1890 (one year after the proclamation of the Republic) to 1930 (when Getúlio Vargas assumed the presidency) and, according to Celso, the middle class politicians used the Armed Forces as an instrument to their plea for ascension. The 1929 economic crisis favored the intensification of this internal pressure upon the "old structures". Here Celso recalls: "[t]his capacity of resistance of the old structures... has been a permanent trace in the Brazilian institutional evolution" (Furtado, 1977 [1967], p.9), leading to a "great backwardness in the modernization process of political institutions" and to a corresponding delay in the assimilation of the "middle class liberal ideology [*ideário*]" (Furtado, 1977 [1967], p.9).

Later in the XX century, from the 1950s onwards, the conflict above was replaced by the one between the "liberal ideology [*ideário*] - that now serves to disguise all the forms defending the status quo - and the aspirations of the mass, confused but increasingly hard to elude from them" (Furtado, 1977 [1967], pp.11-2). This was the background from which the demands for political and social reforms have become more intense, causing the fear of the ruling classes, which would end up resorting to the Armed Forces, in order to conserve the status quo, even if, to that aim, democracy needed to be compromised. This evolution has ultimately blocked the "modernization process of the social structures" (Furtado,

1977 [1967], p.14), relegating the interests linked to development, in favor of security and stability.³⁴² The military coup in 1964 would be a result of an alliance between the Armed Forces, which would later gain autonomy even from the groups that had previously instrumentalized them, and the oligarchic groups, the urban middle classes and the "imperialist agents" (see Furtado, 1977 [1967], p.18).

Let me recall Celso's words in FEB, when he says that the internal tensions that emerged during the crisis of the coffee economy enabled the emergence of "the elements of an autonomous economic system, capable of generating its own growth impulse, definitely finishing, then, the colonial stage of the Brazilian economy" (FEB, p.38). This was his position in 1959. Now, his words in 1967 were the following: "the military state represents the shutdown of the cycle of struggles for the establishment of a formal democracy and for the liberal ideology [*ideário*]" (Furtado, 1977 [1967], p.20). The democratic potential vanished in less than one decade, taking Celso's optimism with it. Or at least a substantial part of it, since he finishes the texts by alluding to future possibilities of movements from the middle class that would conduct Brazilian formation through different paths. Despite this change of attitude, more pessimist, towards the potentiality of Brazilian development, a certain interpretation remained very similar: to him, the Armed Forces in power was "unable to capture Brazilian historical reality from itself, therefore [was] unable to promote the structural transformations required to country's development" (Furtado, 1977 [1967], p.20). More than thirty years after this text and forty years after FEB, Celso would state that Brazil is "still in formation", with its "national project" still incomplete (see Furtado, 2000, p.12).³⁴³

³⁴² In Celso's words: "[d]evelopment means structural transformations and these can generate social tensions and put at risk the stability of the system of power. Hence, development will be a 'qualified' goal, submitted to strict *surveillance*" (Furtado, 1977 [1967], p.15, italics in the original).

³⁴³ Celso Furtado's interpretation of contemporary Brazil has been constantly evoked in the public debate. The days following his death in 2004 witnessed a considerable number of articles on his thought published in the press (see Revista de Economia Política, São Paulo, v.25, n.2, pp.136-56, abril/junho, 2005). In 2007, Luiz Werneck Vianna lamented that the Workers' Party (PT) "converted Celso Furtado into one of its main icons", recapturing topics of "the so-called national-developmental period" (Vianna, 2011 [2007], pp.25-30). A year later, president Lula, defending his governmental policies towards the Northeast region, recaptured Celso's figure, saying that "we are in face of a mobilization towards regional development that can only be compared to the effort of renovation of the 1950s and 1960s, when the beloved economist and fellow [*companheiro*] Celso Furtado conceived and commanded the implementation of Sudene" (see Estadão, 2008). Aloizio Mercadante Oliva, who has taken part of all Lula's electoral campaigns and became one of the most important names during his tenures, has submitted a PhD dissertation in 2010 entitled "the bases of new developmentalism [*novo desenvolvimentismo*] in Brazil: an analysis of Lula's government (2003-2010)" (Oliva, 2010). There, he highlights that "new developmentalism" is "substantially different" from "the ancient national-developmentalism prevailing in the past" (Oliva, 2010, p.17);

In FEB, Celso says that the imitation of a certain "European" theory is one of the main reasons why Brazilian "reality" has been misunderstood. To recall his comparison between Hamilton and Cairu, the latter would be an example, although far from a deviant case, of how certain interpretations were incapable of grasping the peculiarities of the formation of Brazil. In this direction, let me also recall what Celso says about Hamilton and Cairu: "while Hamilton becomes the paladin of industrialization... advocating and promoting a decisive state action of a positive character - direct inducements to the industries, and not only passive measures of the protectionist character -, Cairu believes, superstitiously, in the invisible hand, and repeats: *let it make, let it pass, let it sell*" (FEB, p.101, italics in the original). The praise to Hamilton, I suggest, is very expressive of how the interpretation of Brazil proposed in FEB is intimately related to Celso's political position. This praise can also shed light on the attitude Celso adopts years later, in 1967, when he criticizes the Armed Forces and the military state they and their allies established, for not being able to capture "Brazilian historical reality".

Hamilton was not only an interpreter of Adam Smith in the United States, but also a central figure in the US financial system; as the Secretary of the Treasury of president George Washington, he formulated economic policies that Celso defines as having a "protectionist character". At the same time, Cairu, also a crucial figure in the Brazilian economic and political scenes and an interpreter of Adam Smith in the tropical lands, held a "superstitious" faith in a liberalism free of governmental interference. The Armed Forces, decades later, would interrupt the struggles for a liberal and democratic country, therefore obstructing Brazilian development, as Cairu, in a different way but from a similar kind of mistake, had

at the same time, however, Oliva claims that the conception of "development" under Lula's administration and the "developmentalist" thinking have important connections with each other: "[i]n using the concept of 'new developmentalism' to understand the recent period of Brazilian development, we are, for sure, establishing a dialogue with the rich theoretical experience of classic developmentalist thinkers, especially with Celso Furtado" (Oliva, 2010, p.9). More recently, during the 2014 presidential run, Alexandre Rands, coordinator of the program for economy of one of the opposing candidates (Marina Silva), said that Dilma Rousseff's government supported "a highly inflationist economic model, based on Celso Furtado... [A big parcel of the Brazilian left] has not been able to liberate itself from Celso Furtado" (see Rodrigues, 2014). This declaration has provoked a number of reactions in defense of Celso Furtado's thought and/or PT's government. For instance, Pedro Paulo Zahluth Bastos said that Alexandre's argument was "extremely impoverishing" of Celso's thought (see Bastos, 2014); Juarez Guimarães evoked Celso Furtado to say that the Worker's Party mandates have created conditions to overcome "underdevelopment" more than any previous governments (see Guimarães, 2014).

done. Both Hamilton and Cairu express how interpretations and political positions establish complex relations, not graspable through easy unidirectional assessments from life to work, or the other way around. Celso refused being a new Cairu and resisted against the *new-and-old* Brazil the Armed Forces were imposing. Trying not to imitate Hamilton, Celso tried to adapt his anti-idealism to the tropics: FEB and Sudene seem to be expressions of that interpretative-political attempt from someone who, by placing himself in the "periphery", exposed a modernizing view of development and a critique of modernization.