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Nastasi, Federico and Spagano, Salvatore

Centre for Studies in International Politics (CeSPI), Department of
Economics and Business, University of Catania

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Institutionalist Clues in Celso Furtado's Economic Thought¹

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Federico Nastasi
Centre for Studies in International Politics (CeSPI)

Salvatore
Spagano
Department of
Economics and Business,
spagano@unict.it University of Catania

Abstract. The Brazilian economist Celso Furtado escapes from the traditional distinctions among different schools of thought. Indeed, he made large use of tools from various proveniences according to a pragmatic approach. Nonetheless, this paper shows that his work also contains several characteristic elements of the institutionalist tradition. In the early 1960s, Furtado placed institutions at the centre of his analysis of the evolution of the economic history. Moreover, he rejected the kind of determinism that follows a concept of choice entirely dependent on the utility-maximizing rationality. Coherently, he opposed the New Institutional Economics as an example of neoclassical retreat of institutional issues. Finally, and especially, even without theorizing it, he adopted the institutionalised individual as an economic agent. This choice, rather than that of the *homo oeconomicus*, implied assuming an agent able to shape institutions that, in turn, influence human behaviours according to a downward cumulative causation.

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1. Introduction

The Brazilian economist Celso Furtado (1920-2004) is one of the most original intellectuals of the twentieth century. In general, his work can be related to the Latin American Structuralism, but in a sense it escapes sharp distinctions between schools of thought. That is due to several reasons, one of which is, as Love (1999) notes, the influence he received by the French Structuralism. Furtado mixed different disciplines in his economic studies and intellectual trajectory. So, from a theoretical point of view, despite being one of the fathers of the Latin-American Structuralism, he went beyond this school and enriched the school itself.

In order to present Furtado, it is necessary to introduce the Latin American Structuralism as it was inaugurated by the Argentinian economist Raul Prebisch (1901-1986) as general secretary of the Economic Commission of Latin America (ECLAC) at the beginning of the 1950's. The structuralist theory¹, as exposed for the first time in *The Economic Development of Latin America and its Principal Problems*,² considers the underdevelopment of Latin America not as a step to the path to development, but as a consequence of the international division of labor, for which there is a center, constituted by advanced and industrialized economies such as Western Europe and USA, producing secondary goods for export abroad, and a periphery, consisting of primary producers, namely Latin America.

In this framework, Prebisch reconsidered the Ricardian comparative advantage theory: the specialization in primary products of the periphery does not generate a win-win situation, like in the Ricardo's model. Indeed, Prebisch observed, in the long term the relative price of primary products constantly decreases with respect to the price of manufactured products, which are produced in the center and imported from the periphery.³ The center benefits from domestic technological improvements and is able to both retain the savings and to share higher wages and gains by workers and companies. However, a deterioration of the trade terms arises in the long period between the center, which is the core of the technological progress, and the peripheral countries, which have to export more to get the same value of industrial imports.

The main features of the periphery are the low diversification of its economic structure and the high specialization in few sectors (agriculture, minerals), the low average productivity and the high productivity gap among sectors (there are few sectors with high productivity and low employment and a vast majority with high employment rate and

¹ See Rodríguez (2006).

² Prebisch (1962).

³ The well know Prebisch-Singer hypothesis (1950), autonomously elaborated by the two economists, is one of the pillars of the Latin American structuralism.

very low productivity), institutional problems and the low risk propensity of the private sectors. The political recommendation of the Structuralism is to promote an active role of State in the industrial policies in order to remove the growth constraints to the periphery. Furtado worked together with Prebisch at the Economic Commission for Latin America and the Caribbean of United Nations (ECLAC), where he served between 1948 and 1957. In this context Furtado adhered and contributed to the structuralist tradition. Through a pragmatic approach, moreover, he used tools and categories of analysis from various disciplines, so enriching the tradition through the use of the economic history and the role of culture and institutions shaping the development pattern of a country, as we will argue more deeply below. Peculiar, here, is the Furtado's attitude about what is an economist: he conceives his profession as that of a social scientist engaged in public life. He was indeed director of the Brazilian National Economic Development Bank, head of the Economic Superintendence of Brazil's underdeveloped northeastern region (where he was born) and twice minister of his country. About the intellectual profession he wrote:

“I was left with some idea of the social role of intelligence, particularly in times of crisis. I imagined myself above the conditions created by my social insertion and was convinced that the challenge consisted in instilling a social purpose in the use of that freedom.”⁴

Above all, his contributions enriched the economics of development: he was (Bielschowsky, 2006) one of the fathers of a) the theory of the underdevelopment; b) the analysis of the Latin American economic lag from a historical perspective; c) the concept of social heterogeneity as the cause of the heterogeneity of the economic structure; d) the inapplicability “one size fits all” of the development model of the European industrial revolution. Finally, he was one of the fathers of the role of technological and intangible innovations in economic development.

However, although Furtado was without a doubt an eminent member of the Latin American Structuralism, and apart from the general links existing between this school of thought and the institutional one, specific and sometimes explicit institutional features can be traced in his thought, which are essential to his very work.

The remain of the paper is as follows. Next section mentions main points of contact between Institutionalism and Structuralism in general. Section three focuses on both what we intend about Institutionalism and which are their specific features. Section four points out the elements of an institutional view in the Furtado thought. Section five concludes.

⁴ Cited in Mallorquín (2005).

2. Structuralism and Institutionalism: an essential comparison

Many scholars (Mallorquin 2001 and Ormaechea 2020 among others) identified several points of contact between structuralism and institutionalism. For these reasons other scholars (Street 1987a, 1987b; Street and James 1982; Sunkel 1989) tried to promote a dialogue among representatives of the two traditions but, except for some specific cases,⁵ such schools were in principle in the dark about each other. As it will be clear hereinafter, by mentioning institutionalism we do refer to the so-called “Old” Institutionalism and rule consequently out the so-called “New” Institutional Economics. We consider three out of the main points of contact: the role of habits, the revival of power in the economic discourse, and the topic of development.

First of all, both structuralism and institutionalism reject the idea of economic phenomenon as a consequence of solely rational choices made by maximizing and self-interested agents. Rather, following the habits is considered as an ordinary way to take decisions. However, acknowledging the role of habits does not imply the rejection of rational choices. It simply means that both rational choices and involvement in the habits have to be considered as credible ways to take decisions and so to produce economic outcomes. According to Mallorquin (2006),

“[...] decisions of many consumers are activities close to “habit” or “custom”, in other words, they are not “choices” deriving by preset general criteria among different alternatives.”⁶

The habits, which are at the core of institutionalism, therefore, acquire a centrality for the structuralist, as well. That brings to a relativization of the rational choice, which joins the two schools, and represents a specific case within a specific institutional context:

“The classic and marginalistic studies concern the automatic adjustment within the context of the institutions of private property and individualism.”⁷

⁵ Santiago Macario, who was student of Ayres, is a relevant exception: see Mallorquin (cit., p. 23).

⁶ “[...] las decisiones de muchos consumidores es una actividad cercana al “hábito” o “costumbre”, en otras palabras, no son “elecciones” realizadas a partir de criterios generales preestablecidos entre diferentes alternativas.” Mallorquin (cit., pp. 36-37). Our translation. ⁷ “Los clásicos y la marginal son estudios del ajuste automático de algunas instituciones económicas dentro del contexto de las instituciones de la propiedad privada y del

Secondarily, having defined the economic facts as –partially- depending on institutional patterns, implied to address the question of the origin of the different institutions. In turn, the problem of the origin brings to consider who made the concrete institutions, which are under consideration each time. Necessarily, this research implies to include the study of the power as something able to shape institutions and therefore economic outcomes. What is interesting is that structuralists did not think at power only in the predictable meaning of external domination, as the colonial past of Latin America could make conjecturing. On the contrary, they promote the idea that any kind of power tends to promote institutions, which allows the dominant individuals to survive in their power places.

“Latin American peripheral positioning is not just the result of a dominance imposed from outside, but it is also recreated through the logics deployed by Latin American actors-especially, the dominant ones- and institutions.”⁸

In the third place, while the development issue was at the very core of the structuralist analysis since its origins, the institutionalist interest for such aspects started later, as a consequence of the focus on the “technological dimension of the new social structures”.⁹ So, the interest for the development dynamics evolved separately in the two schools until 1980s, when, according to Dutta (2014), the institutionalist and structuralist views in development economics converged:

“A convergent approach of the two views of structuralism and institutionalism seems to have been attempted in the formulation of global (capitalist) productive systems by a diverse group of French writers (Michel Aglietta, Alain Lipietz, etc.) known as the ‘regulation school.’”¹⁰

Finally, in addition to these three characteristic elements, which we have briefly recalled, something more deep may join them with respect to the aims of the economic analysis. Mallorquin (cit., p. 19) reminds that two distinguished representatives of the two schools,

Mitchell and Prebisch, joined similar objectives given that Mitchell maintained that

“[t]he only reason to study the economic theory is doing the world

individualismo.” Peck (1935, p. 323), cited in Mallorquin (cit., p. 9). Our translation.

⁸ Omacoechea (2020, p. 326).

⁹ Dutta (cit., p. 9).

¹⁰ Dutta (cit., p. 12).

a better place to live in.”¹¹

and Prebisch claimed:

“[...] the duty I imposed myself, and that always I tried to accomplish: contribute, for the possible, to the education of a youth able to serve effectively the national economy.”¹²

3. The essence of institutional economics

The institutional way to understand economics dates back to Veblen and to its refusal to surrender to an idea of man as “[...] a lightning calculator of pleasures and pains, who oscillates like a homogeneous globule of desire of happiness under the impulse of stimuli that shift him about the area, but leave him intact.” (Veblen, 1898, p.389). Quite the opposite, the institutional view of individuals is strictly related to relational modalities, which are defined as institutions. Therefore both institutions as rule and institutions as organizations are systems that connect people somehow.

In his seminal paper (2000), Geoffrey Hodgson retraces the description of institutionalism made by Hamilton (1919) in order to isolate what is crucial in typifying institutional economics.¹³ Such analysis leads to what Hodgson defines (2000, p. 323) “institutionalized individual”. From Veblen to the present day, indeed, the institutional thought has steadily rejected the neoclassic simplification for which individuals – that is, their tastes and utility functions - were given; on the contrary, the institutional tradition maintains that human decisions are co-determined by circumstances that are constantly changing and influenced by several, internal and external, stimuli. In the words of Veblen (1919, pp. 242-243), as recalled in Hodgson (2000 p. 324),

[t]he wants and desires, the end and the aim, the ways and the means, the amplitude and drift of the individual’s conduct are

¹¹ “La única razón, la única excusa para estudiar la teoría económica es para hacer del mundo un mejor lugar en donde vivir”, our translation, Mitchell, cited in Ramstad (1989, p. 762).

¹² “...el deber que me había impuesto y que siempre traté de cumplir: el de contribuir en lo que fuera posible, a la formación de una juventud apta para servir eficazmente a la economía nacional”, Prebisch, cited in López (1988, p. 71).

¹³ In this viewpoint, the new institutional economics is considered just like the neoclassic approach.

functions of an institutional variable that is of a highly complex and wholly unstable character.

As said, such variables, which we call institutions, can take the form of either rules or organizations,¹⁴ and can influence the conduct of people in several ways. For example, they can work as restrictions of human choices, as in the case of legal measures that prohibit from doing something; or they can work as drive to do something else, as in the case of habits of behaviour – just to restrict the examples at the cases of institutions as rules, and specifically as rules of behaviour.¹⁵

Obviously enough, prohibitions, habits, and organizations, in turn, are not given but are moulded by human agency, which acts according to different degrees of consciousness, intentionality and planning. Therefore, stating that the institutionalized individual is the characteristic defining the institutional economics, implies stating that a circular trajectory exists where institutions shape individuals who, in turn, shape institutions and so on. This is what Hodgson (2000, p. 327) defines as “reconstitutive downward causation”, that is a kind of causation depending on both human agency and institutions, which is alternative to the top-down causation, which is instead peculiar of the neoclassical tradition. Interestingly, such a mechanism can throw light on the concrete pattern that has carried to some specific economic outcome, but it is not able to anticipate, given certain preconditions, which outcome will arise¹⁶. Differently from the neoclassic view of the world, therefore, the future is not bended to a more or less omniscient human reason; rather reason, institutions and historical accidents¹⁷ interact mutually in shaping economic reality.

As a relevant consequence, this circular trajectory cannot occur in an abstract and timeless world. Necessarily, such a circle has to happen in the time, because its intrinsic logic demands a continuous sequence of a before and an after. It needs to be stressed that such a sequence is not only logically oriented, but according to a factual, chronological becoming. As a result, the category of history cannot be intended anymore as a banal accessory of the economic analysis, but it becomes the concrete appearing of the individual-institutions interactions. As such, the different historical trajectories seem to be unpredictable as they are. Moreover, those interactions show a specific inertial character,

¹⁴ About the opportunity of including organizations in the set of institutions see Hodgson (2006).

¹⁵ In fact, both rules of behaviour and rules of thought may belong to the set of institutions. About that, see the broad definition by Dequech (2013).

¹⁶ Significantly, the same result occurs in the generalized Darwinism version of the evolutionary institutionalism, which may be considered as a specification of the more general reconstitutive downward causation. See Hodgson and Knudsen (2010).

¹⁷ For an overview of the concept of “critical juncture” in the sense here adopted, see Robinson and Acemoglu (2012).

which confers further uncertainty to the entire picture, as Veblen (1899, p. 191) had already noted:

Institutions are products of the past process, are adapted to past circumstances, and are therefore never in full accord with the requirements of the present.¹⁸

In addition, the role of institutions in defining human conduct highlights the relevance of power in economic events, at least in the sense that both institutions can be the result of the efforts of people who held power in a given moment, and power can be the outcome of some institutional structure. Also, the discourse about power cannot be conducted abstractly but needs to be developed in the concrete historical terms in which the single forms of power occur.

Nevertheless, the term “institutionalism” is often accompanied by the adjective “new” in the current economic thought discourse in order to denominate the New Institutional Economics (NIE). It is an economic doctrine which should, in the mind of its proponents, reconcile the problem of institutions with orthodoxy (that is, with neoclassic economics: see Williamson, 2000). Such kind of normalization logically follows the normalization carried out by Coase (1937), according to which the inception of the firm has to be explained in terms of a calculus aimed to internalize transaction costs. Coase (1937) and Coase (1960) are therefore considered as the two milestones, the two establishing acts of the NIE. The very core of this approach is that the institutions, the firms in the case of Coase (1937), are dependent variable, which follow an optimizing choice made by the individuals. The rules and the organizations are then simply a consequence of a maximizing calculation. In this sense, New Institutional Economics appears as a neoclassical synthesis aimed to incorporate, and so to normalize, the problems that the very existence of rules and organizations entails. As such, NIE is likewise incompatible with the (so called Old) Institutional Economics as neoclassical economics does.

These are the reasons for why, as anticipated in section 2, this paper exclusively concerns relationships between Furtado and the “Old” Institutional Economics, on the premise that NIE shares the same neoclassic approach according to which individuals, utility functions and criteria for choice are given. On the contrary, Institutionalism arises to remove such assumption. According to this view, therefore, NIE is not different enough

¹⁸ The Veblenian notion of inertia is in open conflict with the new-institutional claim according to which individuals aim to design optimal rules to maximize some utility function.

to deserve (in the context of our paper, of course) an autonomous discourse.¹⁹

4. Institutional clues in Celso Furtado's economic thought.

According to Bojanovsky (2010) Furtado's contributions as "The economic formation of Brazil" or "Economic Development of Latin America", go beyond the traditional fields of Latin American Structuralism for at least two reasons: the use of history, for which Furtado refers to Braudel and Levy-Strauss, and the role of the economic institutions. In his own historical perspective, Furtado shows as culture and institutions have shaped the development process of some Latin American countries, especially of Brazil. He maintains that the growth constraints of this country's economy – specialization, production of raw materials (coffee, minerals, sugar) and the dualistic structure of the economy itself - is a heritage of the colonial institutions. This is why Bielschowsky (2006) considers Furtado as a historical-structuralist.

He is the first Latin-American structuralists to establish a direct link, a causal effect, between culture and the development process of a country, that is an achievement of the social process harmony (el "todo social")²⁰. These are the same Veblenian terms in which economic outcomes are strictly related to the rules-institutions implemented in the past and therefore historically conditioned.

This section shows three features in which the Furtado thought can be directly connected to Institutionalism. The first is the way he refers certain economic outcomes to institutional variables, the habits above all. The second is the role he ascribes to power. Third, Furtado follows the logic of what Hodgson (2010) believes the essence of the institutional economics, that is the institutionalized individual.

4.1

Celso Furtado was first of all a development economist. As such, he focused on those variables, which the development of a country could depend on. Starting from the idea that development essentially depends on technology, and this in turn on savings and investments, he can conclude that development on the whole is related to savings and investments. However he believes them as variables depending in turn on something else:

¹⁹ Speaking of NIE, it is however very interesting to note that both Furtado and North wrote two fundamental works on the economic history of their own countries. However, the Furtado's work on Brazil is from 1959, whereas North's "The economic growth of the United States, 1790-1860" is from two years later, 1961.

²⁰ Rodríguez (2006).

“In the process of development, the behaviour of the coefficient of investment is strongly influenced by institutional and other factors bearing on the propensity to consume”.²¹

In a sense, we may maintain that such institutional factors plays in Furtado the same role that the psychological liquidity preference plays in the thought of Keynes: in both the cases the process of investment suffers a slowing down if not a very interruption. Still, Furtado does not limit himself to a general reference to institutional variables, such as political systems, regulations in force or traditional behaviour. He refers to specific institutions, as in the case of the consumption habits of the ruling classes:

“[...] the consumption of the capitalist class is determined by institutional factors and is largely independent of short-term fluctuations in the level of aggregate income.”²²

This is an aspect which connects Furtado to Veblen: the idea of cultural dependence in the consumption habits, which both of them find in the consumption pattern of the elites. Conversely, the consumption behaviour of the wage-earning class strictly depends on the level of income and change consequently. Focusing on the inelasticity of the ruling classes' consumption pattern, Furtado can claim that the surplus created by export activities is employed to finance increase and diversification of consumption instead than capital accumulation and investment.

“Actually, if it is assumed that the consumption of the higher income groups is regulated by institutional factors and is little affected by short-term alterations in the level of aggregate income, and that the consumption of wage earners is determined by the level of their current income and that their saving capacity is almost nil, then it appears that the maximum real consumption of the wage-earning class is determined jointly by the aggregate supply of consumption goods and services and by the level of consumption of the non-wage earning classes.”²³

²¹ Furtado (1964, p.71).

²² Furtado (1964, p.131).

²³ Furtado (1964, p.122).

Thanks to the connection with investments, Furtado can relate the institutional variables to the entire amount of the demand and finally with the level of national income:

“The way demand develops is therefore a basic determinant of the course of new investments. The development of demand by virtue of the growth of national income is, in turn, largely by institutional factors.”²⁴

He can therefore concludes like this:

“It may therefore be concluded that the production structure, the allotment of production assigned to accumulation, and the distribution of income all have the same fundamental causes. They are based on the institutional system, which in turn hinges on the appropriation of the surplus”.²⁵

Obviously, although independent within this scheme, the institutional variables are caused in turn. In the Furtado’s view the origin of such kind of consumption behaviour is in the specific structure of the regional economies of specific regions. Such structures find their origin, in turn, in the power relations and in the local history that the former has originated.

4.2

We just saw that the consumption pattern of the capitalistic class jeopardizes the economic development of underdeveloped regions. It depends on the fact that the economy of those regions is ancillary as compared to that of other, developed regions. According to this approach, the underdevelopment of the periphery is the other side of the development of the center, and both are consequences of the second industrial revolution. In this view, the dualistic economy is the product of a historical process, and not a necessary step for the only one path of development. According to Furtado, the periphery should reach the development via industrial policies, but the industrialization process always remains subject to its own historical laws and does not automatically follow the development path of the centre.

²⁴ Furtado (1964, p.66).

²⁵ Furtado (1964, p.83).

Such kind of discourse necessarily brings him to face the problem of power. A good example of his thought about this is in the sixth chapter of Furtado (1961). It describes the structural change in the model of British and French colonization of the Antilles Islands in the XVII century: from a settler and small ownership of land to a slave economy. This was due to the increase of European demand for tropical products and to the competition of new suppliers, such as Virginia in North America, employed slave workforce intensively. Therefore, Antilles islands changed their economic path, with a specialization in production of sugar based on slave labour imported from Africa. In a few decades, Antilles islands became a strong competitor for the Brazilian sugar. According to Furtado, the overspecialization model of the Antilles, which was based on sugar cultivation, stimulated the settler economy in the northern colony of America. Indeed, the flow of slaves implies an emigration movement of the European colonies from the Antilles to North America. Antilles islands and colonies of North America are two completely different models of colonization, that is two completely different modalities to decline power relationships.

The first was based on extensive plantations, where economic surplus was concentrated in a small circle of landlords, which satisfied their consumption needs by import from abroad. On the contrary, in the second model the property rights of land were shared among many small owners and there was a bigger national consumption market. These sharp differences in terms of economic structure correspond to a difference in behaviour of social groups between the two colonies. In the Antilles Islands, the ruling class were inextricably linked with the financiers' groups in London and also had a strong influence on the British parliament. They essentially thought the Antilles as an extension of the British firms. Vice versa, the ruling class of North America had relationships with the traders based in New York or Boston (often in conflict with London), or they were agrarian group disconnected with the old England. According to Furtado, the independence of the ruling class of the North America colony from London will be a key factor in the development of the region, because these groups represents their own interests and not the business of England. Not only a simple bidirectional power relationship, therefore, but a complex one, which also involves a third pole on the other side of the Atlantic

Again in Furtado (1961), in the twelfth chapter, two different models are shown to employ indigenous people as workers in Brasil between XVIII and XIX century. In the region of Maranhão, in the north of the country, the settlers hunted the indigenous people and employ them as slave workers. The Jesuits have instead a totally different approach: they conserved indigenous in their own community, organize a network of the communities, and ask them help to gather forest products (cocoa, cloves, etc.). The Jesuit

solution was much more effective, with high level of labour productivity. The different relationship of power aimed different development outputs.

In general, the scheme of very the development process, as Furtado reconstructs it, cannot escape specific forms of power relationship:

“The form of utilization of surplus production and the social position of the group appropriating it are basic elements of the social process which engenders development.”²⁶

Obviously enough, a power relationship can arise and last inasmuch as it is socially shared. Otherwise, it would not be stable and could produce no persisting economic outputs. In other terms, a form of social acceptance, that is an institution, there must be for the power to produce effects.

4.3

In section 2 we have considered that institutionalized individual may be considered to coincide with the essence of institutionalism. In a sense, this notion coincides with that of history. At the very origins, indeed, material conditions limited the human degrees of liberty. Within some boundaries, however, free human choices contribute to determine new (material and not) conditions which, in turn, limited other next free choices, and so on. The whole of choices of free individuals, moulding conditions within which they will make other free future choices, is nothing else that history. An unfolding in which every element (facts, choices, circumstances) is caused and whose causes are caused in turn, is nothing else that history in motion. In this sense, the entire Furtado’s work deals with institutionalized individuals.

Consider his reconstruction of the European Middle Age as a period of incubation of high technical level but essentially lacking of an endogenous process of development:

“[f]or development to occur as an endogenous process in feudal Europe, it would have been necessary for political integration to come about first of all. This would have involved one group’s imposing itself progressively on other groups, leading to the formation of larger economic units in which commerce might be able fortuitously to encounter conditions favourable to its development and intensification. Various kinds of factors outside

²⁶ Furtado (1964, p.86).

the scope of economic analysis prevented this political integration from occurring, gaining stability or penetrating deeply into the social organism. The linkages formed through personal connections did not have sufficient driving power to permit agglutination of an economic system, inasmuch as they did not require setting up an integrated administrative and security system. As a matter of fact, such linkages reflected the inability of the central authority to govern; they amounted to delegations of that power.”²⁷

In this piece there is all that is needed in order to acknowledge a genuine institutionalist trait in the Furtado’s thought. First of all, it shows that the phenomenon he considers, that is the endogenous process of development, does not occur in the same way in different times and places, but is historically determined. So, in the example, it does not occur in feudal Europe. Secondly, the reason for why it does not occur is the lacking of a specific requirement. Then, such a requirement has without a doubt an institutional nature, being a certain degree of political integration. Finally, political integration is precisely the whole of institutions we have talked about: shared rules and organizations that are consequence of free human choices, which are in turn limited by other circumstances being upstream.

This Furtado’s discourse could be undermined by the idea according to which removing the external obstacles would be sufficient to re-establish the normal path of economic development. About such kind of objections, which would be natural in a classical developmental theory²⁸ Furtado clarifies:

“This perspective, however, presents a fundamental flaw in ignoring the intrinsic historic dimension of economic development”.

In so doing, he makes explicit the idea that single economic pattern may obey to foreseeable schemes, but always according to historical conditions that are anyway determined by historical given individuals. Again, this propensity to consider single economic circumstances as caused by human choices, in turn limited by institutions that

²⁷ Furtado (1964, pp.92-93).

²⁸ This is the case of the developmental economics as designed by Harrod (1939), Domar (1946), Kaldor (1957),

such choices have contributed to shape, strengthens the idea that Furtado can be connected to the essence of institutional economics.

5. Conclusions

The paper offered some elements to claim that Celso Furtado follows an institutional logic in his approach to historical definition of the structures producing different economic outputs in different times and places. The notion of institutions we refer to is that of shared rules and organizations which mould, by limiting them, the free choices of human beings who in turn shape those same rules and organizations. The institutionalist thought we have referred to is the so-called “Old” Institutionalism that, differently by the New Institutional Economics, rejects the idea of given individuals and assumes instead that individuals are institutionalized, that is limited by pre-existing institutions but able to modify them for the future. Further research is needed in order a) to verify the presence of deeper links between Institutionalism and Latin American Structuralism and b) to extend the same analysis to the whole Furtado’s work in order to establish in a sharper way the boundaries within which it is possible to link him among to the institutionalist thought.

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