

Diagnosis of the Brazilian Crisis. By Celso Furtado, translated by Suzette Macedo (Berkeley and Los Angeles: University of California Press, 1965. Pp. xxiv, 168. \$5.00)

Much of current analysis by economists of the problem of economic growth and development is conducted in terms of formal theoretical models using strictly economic variables, e.g., saving, investment, wages, profits, income per capita, employment, technology, and so forth. Although this approach may serve to elucidate certain requirements of economic growth once this process is underway, it suffers from the complete removal of the problem from the sociopolitical context in which changes in the economic variables are supposed to take place. Another fairly common approach emphasizes a vigorous search for the facts of each particular case within a framework of limited *ad hoc* theorizing. This approach is no less debilitating for its eclectic pragmatism. At the same time there is a growing body of work based on the defeatist view that the problem can only be tackled with the analytical tools — such as they are — of anthropology, sociology, and psychology. Few indeed are the studies which bring to the problem a perspective sufficiently broad to include its sociopolitical and historical as well as economic dimensions. This volume must be included in the last category and deserves far greater attention than it has apparently received to date.

The author is a leading Latin-American

economist, presently in voluntary exile from his native Brazil, who formerly served in various capacities in the Brazilian government (most notably as head of the Agency for Development of the Northeast and, later, Minister of Planning) and in the Economic Commission for Latin America (ECLA). The book was originally written for a Brazilian audience "with the intention of opening discussion" on the causes of the political crisis facing Brazil a few months before the military coup which overthrew the Goulart government in March, 1964. An introduction has been added to the American edition. But the title of this edition and the ostensible purpose of the book belie its wider relevance. Read in conjunction with two of the author's earlier works (*Development and Underdevelopment* and *The Economic Growth of Brazil*, also published by the University of California Press), it provides a comprehensive and integrated view of the general problem of underdevelopment and social change as well as a specific analysis of the Brazilian case.

Dr. Furtado's analysis rests fundamentally on the method of dialectics, and Part I of the book consists in a remarkably lucid discussion of this method, its Hegelian origins, and the relevance of its Marxian adaptation to the analysis of development in advanced as well as in underdeveloped economies.

With reference to the study of society, the essence of the dialectical method, as he makes clear, is the idea that the whole cannot be explained by isolated analysis of its separate parts. Since all the basic elements are interrelated and interdependent, a fundamental change in any one has repercussions on all others. Therefore, in order to understand the process of change, it is necessary to develop a synthesis of the whole and its behavior in

time. This synthesis is arrived at through careful observation of historical processes. A basic principle of dialectics is that historical processes result from the continuous conflict of contradictory forces. In addition, Hegel attempted to demonstrate that the operation of these forces was such as to drive the historical process in a certain necessary direction — a concept which was taken over by Marx, who drew the implication that capitalism as a historically specific form of social organization would, of necessity, be superseded.

Furtado notes that in recent years there has been a noticeable return to some of the elements of dialectical thought in anthropology and sociology through the construction of models recognizing the functional interrelatedness of different parts of a culture as well as an attempt to formulate a theory of social change. He refers in this regard to the work of Malinowski, Hershkovits, and Myrdal but argues that, in general, the models of social scientists tend to represent "supposed states of stable equilibrium" and are confined to comparative statics rather than dynamics. He points in particular to the "ahistorical nature of modern economic analysis" (as compared with the classical economic thought of Smith, Ricardo, and Marx, which was "deeply imbued with historical elements") which renders the economist "incapable of grasping economic phenomena *in development* as one aspect of a wider process of social change."

Dr. Furtado returns to the main features of the Marxian model in the view that this model, qualified in certain respects and given the high level of abstraction at which it was formulated, provides a useful "simplifying hypothesis" and an important point of departure for the study of the development process. His evaluation, which runs through some 50 pages, is

compact, absorbing, and perceptive; it poses a number of questions and hypotheses worthy of further investigation. He regards as a meaningful simplification the Marxian division of social reality into an underlying structure of production relations and a superstructure of social institutions and ideological values. He accepts the generalization that technological innovations introduced into the production process are the primary force provoking chain reactions in the superstructure which express themselves in social conflict.

He suggests, however, that the applicability of this model, which was derived from the study of early capitalist development, is conditioned by historical circumstances. Developed capitalist economies, for instance, by reason of a greater relative flexibility and stability, seem able to absorb and assimilate a continuous stream of innovations without — initially, at any rate — major dislocation in the social structure. The final consequences of innovations are therefore difficult to determine. In this regard his analysis of the process of containment of social conflict in such societies by an expanding bureaucracy and political ritual is suggestive more of Weber than of Marx.

In contemporary underdeveloped economies, it is asserted, rapid changes in habits, attitudes, and institutions (i.e., in “nonmaterial culture”) occurred at an early stage owing to colonization and the introduction of innovations from outside the system rather than to internal economic evolution. The result has been the creation of a “structural dualism” the peculiar features of which distinguish these economies as a “special case within capitalist evolution.”

The idea that social conflict has taken the form of class struggle throughout all historical periods is also qualified by

Furtado. He suggests that class struggle assumed historical significance only in the stage of industrial capitalism and because of fundamental characteristics of that particular form of society. Social conflict in previous societies, he says, took the form of antagonisms between branches of the dominant class or between microstates. This leads him to question Engels’ view of the origin of the state as a response to deepening class antagonisms and Hegel’s distinction between civil society and the state.

It is argued, furthermore, that class struggle is of limited significance as a driving force of change in the presently underdeveloped economies. This argument, outlined in general terms in the last chapter of Part I, is the main thesis underlying the discussion of the specifics of the Brazilian situation in Part II. The thesis rests mainly on an alleged absence or weakening of class consciousness (though not of social stratification) throughout the society. In the agricultural sector this is attributed to the continued predominance of “semi-feudal” forms and, in the industrial sector, to stratification *within* the working class and the existence of a large reserve of manpower. The roles of populist ideologies and of prolonged inflation in distorting “the original characteristics of the class struggle” are also explored.

This is an interesting thesis which deserves further development and discussion. These it will no doubt continue to receive. Dr. Furtado’s presentation is impressive for the skill with which he marshalls the facts of Brazilian history and contemporary society, an indication of his own intimate knowledge of the situation. Out of his discussion arise a number of possible options for the future of Brazil which suggest that change may not be impossible but may become more costly as time progresses.

On the whole, the book is a refreshing contribution to the literature on underdevelopment. It represents, moreover, a serious attempt by a Latin-American economist to come to grips with the problems of the region through critical development and application of existing analytical frameworks.

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