

## **Celso Furtado, Albert Hirschman and the interest in Brazilian regional planning**

Early-Career Scholars Research Fund - History of Economics Society

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This application to the Early-Career Scholars Research Fund seeks support to conduct fundamental archival research for my PhD dissertation. In one chapter, I delve into the theoretical influence and exchange of ideas between Albert O. Hirschman and the Brazilian economist Celso Furtado<sup>1</sup>. Both authors have contributed to the field of Development Economics and share common ideas and concepts, for example, the role of macro actors in the development process, the importance of spatial dynamics, the absence of historical determinism and the development as a cumulative process of imbalances (Adelman, 2014; Alacevich, 2021; Furtado, 1964; Hirschman, 1958).

My analysis initiates with the international repercussion of Sudene (Superintendency for the Development of the Northeast), a Brazilian experience of regional development in the 1960s (Mitchell, [1981] 2024), which was the beginning of the direct contact between Furtado and Hirschman: they began to correspond due to the latter's interest in the former's work as superintendent. Furtado was already familiar with Hirschman's work, and several of the author's books can be found in his personal library<sup>2</sup>. Based on studies of the Sudene, Hirschman published the book *Journeys Toward Progress*.

I intend to demonstrate how certain ideas underwent transformation as a result of one's influence on the other and conversely. Throughout the 1960s, Furtado improved his perspective on regional development, incorporating into his policymaking work – and this is evident in the First Master Plan of Sudene (1961) – some elements formulated by Hirschman in *The Strategy of Economic Development* about inter-regional inequalities as an inevitable condition of the development process and the trickling-down and polarization effects caused by development at certain growth points.

We can also identify some theoretical transformations regarding Hirschman's position on comprehensive planning. In *The Strategy...*, the author argues that this style of planning causes investment to be scattered, undermining the concentration of efforts on selected viable projects. However, in *Journeys...* Hirschman extols the quality of comprehensive planning in connecting coordinated actions to solve multiple problems, without the emergence of major political opposition. Hirschman's study of the comprehensive planning method of Sudene — especially in the fifth chapter, when he discusses national and supranational political obstacles to development — enabled the construction of a theory about the challenges of economic policy in underdeveloped regions. Thus, I argue that it is possible to infer that the intellectual exchange with Furtado was also crucial for Hirschman.

My work seeks to contribute to the field of History of Economic Thought by analyzing the dialogue between Furtado and Hirschman and the theoretical exchange and mutual fertilization of ideas between them. Although there are studies that situate the authors in a larger literature on Development Economics (Alacevich, 2018; Alacevich & Asso, 2023; Álvarez, Guiot-Isaac & Hurtado, 2020; Boianvosky, 2010; Cunha & Britto, 2018), the letters and interviews<sup>3</sup> have not yet been fully explored in the bibliography. Furthermore, it is worth mentioning that the overwhelming majority of articles produced on Sudene focus on Regional and Urban Economics, making it important to study the institution from the perspective of Institutional History and History of Economic Ideas.

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<sup>1</sup> Furtado made original contributions to the field of Development Economics by proposing a “theory of underdevelopment”. He worked together with Raúl Prebisch at ECLAC and was the first Minister of Planning of Brazil.

<sup>2</sup> Furtado's Papers at the *Instituto de Estudos Brasileiros* (IEB USP) archive.

<sup>3</sup> Hirschman ([1960] 2009) interviewed Furtado.

During my PhD, I had the opportunity to visit Furtado's archive at the University of São Paulo; however, I believe that to complete my research it would be essential to visit the Princeton University archive to research the Albert Hirschman Papers. I am interested in some materials that are not available online, such as the Notebooks on Visits to Countries, the Note Cards about Brazil and Chile made in the 1960s, the Diary on the trip to Brazil and Colombia in 1957, the documents/letters he collected when he participated in the Committee of the Evaluation of *Centro Brasileiro de Análise e Planejamento* (CEBRAP) in the 1970s and the manuscripts of some books that will be the direct subject of my thesis, such as *Journeys...*, *National Power and the Structure of Foreign Trade* and the papers *Foreign Aid: A Critique and a Proposal*, *How to Divest in Latin America*, and *Why*, and *Brazilian North East and the Tax Credit Scheme of Article 34/18*.

I have not secured any funding for the trip. The Early-Career Scholars Research Fund would cover a two-way flight ticket from Belo Horizonte, Brazil, to New Jersey (\$900), accommodation (\$500), transportation and food (\$100).

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