

Celso Furtado: tensions and contradictions about the manpower problem in his classical book *Economic Formation of Brazil*¹

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Abstract: *The article discusses the issue of manpower in the classical book *Economic Formation of Brazil* of Celso Furtado. The goal is to demonstrate that despite the importance of the classical text to understanding the process of building of country's economy, the content and sequencing of Furtado's arguments to explain the process of Brazilian underdevelopment in the first half of 1900s should be reviewed conceptually, analytically and theoretically due some tensions and contradictions observed on his own text, specifically, when he argues the reasons for the exclusion of the former slave – and their descendants – in the development of the Brazilian economy over in that period. Our main argument in this paper is that based in a formulation with an apparent neutral economic logic, the analytical construction of Furtado disregarded the importance of racial prejudice process that had undergone the former slaves to be included in the labor market at the time of transition from the slave labor to paid labor. Thus, he articulated the incorrect understanding that such exclusion was due, mainly per the lack of proper economic rationality of*

1 This paper is based on two Brazilian editions of the book: *Formação Econômica do Brasil*. 23. ed. São Paulo: Editora Nacional, 1989. 248 p and the *Edição Comemorativa – 50 anos*. Organização Rosa Freire d'Águilar Furtado. São Paulo: Companhia das Letras, 2009. 568 p. and the American edition: *The Economic Growth of Brazil – A Survey from Colonial to Modern Times*. University of California Press Berkley and Los Angeles California Cambridge University Press London, England, 1963.

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former slaves in front of the new relations established in the labor market in the coffee's new company after the slavery and not because of the deep complexity that overwhelmed the whole Brazilian economy and particularly the paradigmatic changes in the labor market in the country since that time.

Keywords: *Development. Underdevelopment. Slave labor. Transition economic. Racial Exclusion.*

JEL Classification: O15. N36. J15.

Celso Furtado: tensões e contradições sobre o problema da mão de obra em seu livro clássico *Formação Econômica do Brasil*

Resumo: O artigo discute a questão da mão de obra no livro *Formação Econômica do Brasil* de Celso Furtado. O objetivo é demonstrar que, apesar da importância do texto clássico para entender o processo de construção da economia do país, o conteúdo e sequenciamento dos argumentos de Furtado para explicar o subdesenvolvimento brasileiro na primeira metade do século XX devem ser revistos conceitualmente, analiticamente e teoricamente devido a algumas tensões e contradições observadas em seus próprios argumentos, especificamente, quando discute as razões da exclusão dos antigos escravos – e seus descendentes – no desenvolvimento da economia brasileira naquele período. Nosso principal argumento neste artigo é que, baseado em uma formulação com uma aparente lógica econômica neutra, a construção analítica de Furtado desconsiderou a importância do processo de discriminação racial a que tinha sido submetido os ex-escravos quando sua entrada no novo mercado de trabalho na época da transição para o trabalho remunerado. Assim, ele articulou o entendimento errôneo de que tal exclusão se devia, principalmente, à falta de racionalidade econômica adequada dos ex-escravos diante das novas relações estabelecidas no mercado de trabalho na nova empresa do café após a escravidão e não por causa da profunda complexidade que dominou toda a economia brasileira e, particularmente, as mudanças paradigmáticas no mercado de trabalho no país a partir daquela época.

Palavras-chave: Desenvolvimento. Subdesenvolvimento. Trabalho escravo. Transição econômica. Exclusão racial.

Classificação JEL: O15. N36. J15.

I The book *Economic Formation of Brazil (EFB)* as a fundamental work in the study of the Brazilian economy

It seems to us to be a consensus that Celso Furtado's *Economic Formation of Brazil* book can be presented as one of the most important academic works and responsible for a set of most accepted hypothesis on the explanation of Brazilian underdevelopment, regarding the phase which comprises of the colonial period until the first half of the 20th century. The work and its Author are inseparable elements of the first strategies of governmental economic planning for the development of the country, specially, from the Northeast Brazilian³ region, in the 1950s when Brazil begins an important stage of its economic growth process, based on the so-called "developmentalism model".⁴

Celso Furtado (1920-2004) was a participatory and emblematic figure in the various governmental and non-governmental initiatives in the economic debates in the second half of the twentieth century. In 1953, he presided over the joint Eclac⁵-BNDE⁶ group that elaborated the "Outline of a Development Program, period 1955-1962", published in 1955 and which served as the basis for the Goals Plan of the President Juscelino Kubitschek government in the same time. Starting the following year, began the publication of his series of books on economics which the first one being *Brazilian Economy*, edited in 1954. What is important to note is that with this productive phase of production in the specific field of knowledge, Furtado also began a strategy of intervention in the Brazilian reality associating his work in the academic area with initiatives of political

3 The Northeast region is one of more important territory in Brazil. It is a set of nine states (Bahia, Sergipe, Alagoas, Pernambuco, Paraíba, Rio Grande do Norte, Ceará, Piauí and Maranhão) and one parte of north of Minas Gerais State that geografically belong the Southeast region. This characterization was done juntamente com a criação da SUDENE in 1959. Thus, Its size is about 1,6 million of Km² and its population is of almost 55 million people (data from 2010) and its regional GDP is aproximately 255 billion American dollars (data from 2013).

4 The concept of developmentalism is a rather ambiguous term per definition. It involves two perspectives, which obviously are intertwined, but are not the same neither from an epistemological viewpoint nor in daily practice: 1) a phenomenon of the 'material world', i.e. a set of practices of economic policies proposed and/or executed by policy makers, and 2) a phenomenon of the 'world of ideas', i.e. a set of ideas proposed to express theories, concepts or visions of the world. The former expresses itself also as political discourse, while the latter seeks to form a school of thought. (FONSECA, 2014, p. 30 apud FRITZ, 2017)

5 Economic Commission for Latino American and Caribbean (Eclac). See: <<http://www.cepal.org/en/about>>.

6 Economic Development National Bank (BNDE). Initials in portuguese. See: <http://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/The_BNDES/>.

and administrative nature, such as the creation of the Club of Economists and the Brazilian Economic Review, still in the early fifties.

According to Valente (2009, p. 28), both initiatives have become a privileged space of action on the technocracy in the federal government in order to create an ideological basis for the “developmentalism model” project through the economic debate in the country.

Furtado often addressed his word to the active and experienced Economists or students yet, as well as to a wider audience of social scientists. He also targeted his word to the general public, seeking to act as an opinion maker, always valuing the political and union organization of the set working population. He elected this objective, not only in the field of knowledge he dominates, through the publication of academic and technical papers, but also through the search for influence and personal power through institutional insertion in public careers, in the federal administration and as a political person.⁷

In this context, Furtado assumes in 1958 a board of the BNDE and the coordination of the Northeast Development Working Group (GTDN),⁸ which the most important result, from these works, was the study “A development policy for the Northeast of Brazil”. Furthermore, it was also the basis for creating two of the most important institutional arrangements for the Northeast Brazilian region economic growth since 1960s: The Northeast Board of Development (Codeno)⁹ which he was appointed Director and, right after, he created the Northeast Development Superintendence (Sudene),¹⁰ which he was the first and more important “chairman” until today. It is important to say that among the beginning of his work in the BNDE and the creation of these important and innovative organisms dedicated to the development of the poorest region of the country is that its best-known book, Economic Formation of Brazil was published in January of 1959.

The truth is: the creation and implantation of the most important regional structures of the government apparatus had the theoretical,

7 Free translation. Original in Portuguese.

8 Initials in portuguese. See: <<http://procondel.sudene.gov.br/NoticiaDetalhes.aspx?id=1018>>.

9 Initials in portuguese. See: <<http://procondel.sudene.gov.br/NoticiaDetalhes.aspx?id=1018>>.

10 Initials in portuguese. See: <<http://www.sudene.gov.br/quem-foi-celso-furtado>>.

methodological and propositional content of Furtado mind, which had been synthesized in his best known and perhaps the most important work. In fact, the importance of the book and Celso Furtado's thought in the process of construction of those institutional arrangements and in the strategies for the development of the Northeast Region is indisputable. According Oliveira (2009),¹¹ for example, the development concept for the Northeast region, which gives rise to the creation of Sudene by President Juscelino Kubitschek (JK) in 1959, is entirely based on the interpretation of the northeastern economic complex, one of the main concepts developed by the Author of *EFB*. That means:

An export sector with high profitability and very high concentration of property and incomes, based on slave labor, in articulation with a subsistence sector of low productivity and low profits, which was based on servile work, not slave labor, neither also free in sociological sense too. And this complex, once again, strength and weakness, which Furtado has called dual, will definitely mark the Northeast region until our days.¹² (OLIVEIRA, 2009, p. 498)

More than that, the technical and political recognition of the creator of Sudene transformed him, in 1962, in the first titular of the Planning Ministry and mentor of the Triennial Plan of the President João Goulart (Jango) government that replaced the government of president JK¹³ Thus, both the development governments policies of JK and of Jango were strongly influenced by the work of Celso Furtado. The content of his thesis synthesized in *Economic Formation of Brazil* served as the basis for strategies and government choices for intervention and planning not only in the Region Northeast, but throughout Brazil, at a crucial period for building the bases of the Brazilian "developmentalism model". That is, Furtado was one of the first (if not the first one) economists not only to propose, but also to put into practice his conceptions, convictions and theoretical and

11 This text was originally published with the title "Economic Formation of Brazil: Geneses, Importance and Theoretical Influences", in the book *Introduction of Brazil - a banquet in the tropics*, by Lourenço Dantas (org), São Paulo: Senac, 1999. Free translation. Original in Portuguese.

12 Free translation. Original in Portuguese.

13 Actually, the President João Goulart replaced the President Janio Quadros, elected in 1960. However, Quadros resigned in august, 1961, only seven months after his inauguration ceremony. See Abreu (2014).

methodological approach in governmental actions, through interventionist policies directly under his management.

According to the paragraph above, it seems to us no exaggeration to affirm that Furtado's experience brought to the practice of public policy the main elements of his theoretical understanding about the process of Brazilian underdevelopment. He may have been a unique example in the country in that period. Perhaps that is why his thesis was responsible for "setting the minds" of many Brazilian economists in the last almost sixty years, consolidating himself as a kind of intellectual mentor of several thinkers, when interpreting evolution of the Brazilian economy since the period colonial until the beginning of industrialization in early 1900s.

In fact, *Economic Formation of Brazil*, was and continues being one of the main constituent elements of the debate on Brazilian economic development, despite any criticism it may have received in the last 57 years of academic production on economic history of Brazil. A good sample can be observed in the set of articles published in the edition commemorating of the book's 50th anniversary, in 2009, called the *Critical Fortune*.¹⁴ There are prefaces written by historians and economists, criticisms published in academic journals abroad, in foreign editions in Europe, in United States and Latin America, all of them present unmistakable elements of the receptivity of the text and, lastly, in more recent articles, when social scientists evaluated *EFB* as a classical work for the state-of-the-art in the academic production on this subject.

To achieve the objectives of this paper, we preliminary observe that the reverse chronological reading of some of the articles of the *Critical Fortune* will help us to prove this statement, while we also try to demonstrate that, in the course of time, some important critical aspects of the same set of approaches, has been left aside in some important points in *furtadian* analysis. Coutinho (2009),¹⁵ for example, points out Celso Furtado as the most influential and renowned Brazilian Economist of his generation and the reading of *Economic Formation in Brazil*, an obligatory item for the entire social scientist.

Following in this line of reasoning, deepening it, Oliveira (2009), almost a decade before Coutinho statement, shows Furtado as one more else "demiurge" of Brazil, placing him side by side with Gilberto Freyre, Sérgio Buarque de Holanda and Caio Prado Junior, authors who, according

14 See Furtado (2009).

15 This text was originally published with the title "The Economic Theory of Celso Furtado: Economic Formation of Brazil", in the *Current Thinking of Celso Furtado*, Marcos Costa Lima and MD David (org.), Goiania: Verbena, 2008. Free translation. Original in Portuguese.

to him, elaborated interpretations that definitively shaped the way of Brazilian society to understand its own formation, including its social, economic, political and cultural forms, as State-Nation, “with its stigmas and modes of relationship that have given us a special stamp”. Mattoso (2009), on the other hand, points out that in general, Celso Furtado’s work of 1959 is a demonstration of impeccable logic about the historical construction of Brazil, where the underlying economic theory would lead to a perfect understanding of the Brazilian process of economic development.

We used, *a priori*, only 3 of the 21 authors whose references to the Brazilian Economic Formation were part of the Critical Fortune cited above, because two reasons. The first one is to show that in spite of some problematic aspects observed in the work, almost all the scholars who dialogue with him, explicitly in different moments of history, has a true admiration and intellectual respect for his analytical and explanatory capacity to understand the country’s process of underdevelopment. Second one, in none of the 21 texts that have been chosen to celebrate the fifty years that separated the first edition of the book and its commemorative edition, is there some kind of deeper criticism to an element that we find extremely important in *furtadian* conception about the Brazilian underdevelopment: the reasons that, in the Furtado arguments, determined the behavior of the former slave – and their descendants! – in the transition period from the slavery as mode of production to free and wage labor, and the respective consequences for Brazilian development.

All texts are silent and only repeat or ratified, in a complementary way the thesis presented by the Author. Actually, Mattoso (2009)¹⁶ even considering the book as a kind of “Opera Magna”, indicates some hypothesis in the text as interesting suggestions of study for economists and historians. Among these suggestions, there is the Furtado’s view that abolition would have more a political character, than economic one, because, by him, “it neither destroyed nor created wealth, but allowed a redistribution of these riches within the national collectivity”. Moreover, she also seeks to complement this explanation, through a footnote in her original paper, stating that by Celso Furtado, there was in fact a redistribution of income in favor of the former slaves who began to receive high wages after the abolition. However, she continues, Furtado insisted on the fact these former slaves preferred leisure to work every day because they lived in the mediocre

16 This text was originally published in Cahiers du Brésil Contemporain, Paris, 1998, n° 33-34, It brings the minutes of the colloquium “Le développement, que ´st-ce? L ´apport de Celso Furtado”, organized in Paris in February 1997. Free translation. Original in Portuguese.

picture of their needs, and end up her text observing that “this stereotype is being nuanced by the historians of slavery”.

The aspects showed in the previous paragraph have an extremely deep meaning in the Furtado’s work and are far from being just a matter of stereotypes to be dealt with by historians of slavery. On the contrary, the perspective presented in *Economic Formation of the Brazil* book, in this respect, seems to us a crucial element not only for the whole analytical framework of it, but mainly, for the guiding elements that it points out as possible solutions to the problem. In this way, there is the imperative of a reinterpretation about it and that is the main objective of the present work. Therefore, we believe that it is extremely pertinent to draw attention to the observations of two authors which pointed out, as early as 1959, year of book launch, some theoretical and methodological problems of great relevance in the Furtado’s work.¹⁷

Sodré (2009),¹⁸ for example, affirms that the initial moment of *EFB* history, had important frailties in its descriptive structure and, even without going into the merits of the issues now, we see in these notes, usefulness for the unfolding which we intend to give throughout the text:

Celso Furtado really knows, but he does not know how to convey what he knows – which is a bad thing, of course. But, moreover, he making history – it’s about the development of the Brazilian economy in the course of historical time – it does not dominate the sources and even reveals contempt for them. Who quotes Antonil by Simonsen’s quotations one, and even Gama Barros, did not have the slightest concern in studying history. Without historical knowledge, there is no way of unroll the development of material progress. The author confesses this, however, with a candor that marks

17 In seeking the critiques of the book in the most different moments and opportunities of its diverse editions from its initial publication in 1959 to the year 2008, we made a methodological choice to demonstrate in this brief article that along with the complete omission on the *Furtadian* interpretation of the role of the manpower of the former Slaves in the period of transition to wage labor after abolition, there were also important theoretical and methodological criticisms related to his text, in particular, those contemporaneous with the year of its first releases. It means, that when we opt for this set of approaches, we affirm both the book importance had for the construction of Brazilian economic thought, but also, we did a good methodological choice for the purpose of the present paper, when using the *Fortuna Critica* as a kind of summary about the understanding of important thinkers, especially economists, about *EBF*, in more than half a century of its existence.

18 This review was originally published in the “Book of the Week” section of the *Ultima Hora* Literary Supplement of April 18, 1959. Free translation. Original in Portuguese.

naivety, total innocence, the quiet sufficiency that leads to disaster. He behaves like one who says: 'I know economy, – and that's enough – history is for lay people.' It is not – and there, is the error of an intelligent man. And It 's a pity, because he is a great author, and a great work.¹⁹ (SODRÉ, 2009, p. 348)

On the other hand, Arena (2009),²⁰ suggests even more profound clues on the aspects that we will treat. He points out, for example, the lack of coherence and rigor in the interpretation of the historical facts treated in the book:

The author omits himself almost entirely from the appreciation of the direct and reflex actions of economic infrastructure movements in the social superstructure, and vice versa. More precisely, seems to him to lacks the understanding of these two categories of dialectics, and their interaction. Since as he does not seem to have another theory to explain socioeconomic facts, his exposition is often partial, unilateral, lacking in coherence and outlook. Economist, he always tends to fill this lack of a global theory by a kind of 'animism' in which purely economic facts become subjects of history with supernatural decision-making power.²¹ (ARENA, 2009, p. 351)

Obviously, we do not intend here to use only these interpretations to assert our interests as to the main objectives of our work, from the critical point of view. However, even without entering into the specific merits of the observations quoted above, we believe it is important to indicate that these insights, when confronted with some of the most important aspects written out by Furtado when interpreting the role of the work of the former slaves in the transition period for paid labor seems to us to clarify problems that we consider extremely significant, as we will see below.

19 Free translation. Original in Portuguese.

20 This review was originally published in the "Book Review" section of Issue 6, Year II, May-September 1959. Publisher Revan. Free translation. Original in Portuguese

21 Free translation. Original in Portuguese.

2 The “furtadian manpower problem” for the understanding of the Brazilian economy development, after slavery.

The problem of labor was one of the main aspects treated by Furtado in the book *Economic Formation of Brazil*. Its relevance can be measured by the fact that the manpower problem to be present itself as one of the analytical supports that structure his theoretical perspective to explain the process of underdevelopment of the country as an agro-exporting economy, from the end of the slavery, but also and especially during the transition to paid work, passing, obviously, by the gestation of the coffee economy and the beginning of the industrialization process. Or, according to Dean (2009, p. 423).²²

Furtado’s principal thesis is this: that Brazil could not experience continuous economic development as long as it employed slave labor and producing principally for export. In a slave system, there is no payment for labor as a factor, Consequently, there is no effective internal demand. The slave owner appropriates all income; In an export-oriented economy he satisfies his demand by importing, most notable by importing labor. When the price of export product declines, the slave owner ceases purchasing slaves, sends his capital abroad, and allows his operations to vegetate, to turn to subsistence production. In an industrial wage-paying economy, however, a decline in prices does not lead to this kind of regression, but to a defense of the level of employment.

Dean’s text, already in 1965, suggested that the overcoming of slave labor in favor of wage-earning labor, as well as the overcoming of essentially export-oriented production, would be, by Furtado, the necessary conditions for a true development process from the country. Regarding his considerations about the agricultural for export economy, the economic literature on the subject is vast and substantive and doesn’t let doubt about it. But, the issue of labor, which in itself contains extremely complex aspects, when we place it as one of the central and endogenous variables to a model of

²² Quote from original book reviewed in *Luso-Brazilian Review*, v. 2, n. 2, p. 105-107, Winter 1965.

growth and economic development, lacks a deeper understanding, especially because of the Furtado's interpretations of the role of the manpower of former slaves in the period of transition to wage-earning labor economy.

Considering that the overcoming of slave labor was an important element for the country's development, the Author of *EFB* brought to his analysis the need to explain two extremely profound problems, not only for the formation of the Brazilian economy itself, but for the formation of the Brazilian society also as a whole, it means, the economic justifications for mass importation of the contingent of European manpower in the end of slavery and, consequently, the motives, and economic reasons, for non-absorption of manpower already resident in a crucial time for Brazilian economy, namely, the consolidation of the coffee economic cycle – the most important for economic growth of country until today – and especially to the phase of transition to the nascent Brazilian industry.

In general, on the case of the economies that have been developed from the endogenous use of the slavery as mode of production, this is a crucial issue for the formation of the emerging economy, society and the nation which it has been structured. The interpretation, the analysis and, above all, the political and economic interventions aimed in the treatment of the issue must be observed as constitutive elements both for the consolidation and deepening of the problems, as well as the possibilities of their overcoming through specific policies.

In few words, the problem of manpower in *EFB* can be summed up in two aspects interconnected more important. Firstly, the tension between the Author's statement about manpower shortage for the dynamic sector of the economy, the agricultural for export sector with high profitability, high concentration of income and property, based on slave labor; and, the other side, the potential supply of the manpower of the subsistence economy sector, whose basic characteristics were low productivity and low profits, where even having the social relations of landed property with labor had been structured on the margins of slavery model and but even after it, it were remaining intact even after abolition.

Despite peculiarities of labor relations in the subsistence economy, the fundamental issue that must be pointed out here is that, long before the end of slavery, and in an endogenous way to the Brazilian economic model of the colonial period, there was relations of labor external to the slavery regime. Thus, the issue of labor shortages is not properly related to the quantity of manpower that was unavailable for work in the period of transition to paid labor or even related to the "quality" of labor, but to a contingent of workers who were not integrated into the labor market by

way of wage labor and also who were not enslaved in the specific sense of the term.

Maybe that is why, Furtado (1989) affirmed that in the end of the nineteenth century, a substantial reservoir of labor existed in Brazil and this led him to believe that if it had not been possible to solve the problem of coffee plantations with immigrants, an alternative solution would have arisen within the country itself. In other words, the seek for European immigrants to overcome the “inelasticity” of the country’s workforce was referring to the inelasticity of slave labor in the agricultural for export sector and not necessarily the total number of resident workers that could be made available internally for the new period of economic growth based on the coffee company. Or, as affirms Delgado (2009, p. 23):

From the documentation related to the Demographic Censuses of 1872 and 1900, Furtado estimates a demographic potential of the subsistence sector, quantitatively sufficient to meet the various demand pressures stemming from coffee expansion or any other regional growth centers in the second half of the nineteenth century - Livestock in the South, rubber in the North, cocoa in Bahia and circumstantially sugar in the Northeast, with the experience of the central sugar mills after 1875.²³

In a very objective way, both the numeric data of the census and the discursive contradictions of the Author suggest, besides the tension about the meaning of inelasticity of supply of labor in the dynamic sector and the manpower underutilization of subsistence’s sector to face the employment demand, was in the first place, a political choice did by the government in favor of European immigration after the end of slavery.

Obviously, the revelation of this proposition does not show any novelty in general discussions in the field of social sciences and political sciences about the Brazilian immigration process in nineteenth century. However, what we need to bring to the debate is why for economic matters or of economic policies reasons, the Author of *EBF*, faced with these explicit contradictions of his own text, chose not only to attribute to the immigrant European a kind of superior labor skills than the former slaves, but also a dangerous omission of the contingent of workers who even in that time were no more part of the slavery regime.

²³ Free translation. Original in Portuguese.

Another important aspect that we need to observe, concerns the interpretation about European solution to solve the “labor shortage” problem. Furtado’s gaze on the way out encountered in the period considered not only deepens the contradictions already observed, as we seem to overcome in terms of analytical complexity, and quite strongly, the tension about the existence or not of inelasticity (absolute or relative) of domestic supply of labor to cope with the profitable coffee cycle.

The fundamental premise of the Author is that Europe’s immigrant labor force would have “indisputable” comparative advantages over the former slaves. It is his statement: “The advantages of the European laborer over the former slaves are too obvious to need further emphasis”. (FURTADO, 1989, p. 139) Besides not clearly identifying what were these “overly obvious advantages” of European immigrants would be in relation to the former slaves, Furtado did not deal with important deeply contradictory issues which, at a glance in his work, would completely nullify his own statements above. The most emblematic of them were the failed experimentation of German colonization of Rio Grande do Sul state, specifically in the city of São Leopoldo in 1824 that the Author himself used as an illustrative case of the lack of economic foundation and the belief of superiority of the European laborer. In his own words:

It was a heavily subsidized colonization. Transportation and installation costs were paid by the government, and public works were promoted for the purpose of providing jobs for colonists. Some of these projects were prolonged to an absurd extent. And in almost every instance in which - after heavy expenditures - the colony was left to its own fate, it tended to wither away and revert to a mere subsistence economy.²⁴ (FURTADO, 1989, p. 124-125)

As there is no reference in the text about existence of any kind of incentives in order that local subsistence sector labor force would have migrate to the dynamic sector of the economy, the coffee plantation in particular, we can infer that from the point of view of quality of the workforce, the Author’s own observations reveal no empirical evidence of none advantages, a priori, of European workers over those already was residing in Brazil, including former slaves and their descendants. Actually, in addition to the experience of São Leopoldo discussed above, the fact is

24 Free translation. Original in Portuguese.

that European immigration to Brazil, the Italian especially, was from the southern region of Italy, precisely the region of “lower development and lower agricultural productivity”. (FURTADO, 1989, p. 128)

In the face of the evidence on the political choice that has engendered so many profound economic and institutional changes favorable to immigration and European immigrants in that period, both the issue of absolute scarcity and about the quality of the local labor force in the period of the development of the coffee cycle are, in our view, issues that demand a re-examination due to explicit contradictions in the Author’s speech about this aspect in his more known and studied book in Brazil.

Finally, we must argue in more depth other fundamental aspect on the question of labor, in the basilar Furtado’s book: the role of the former slave when the slavery system was eliminated and its evolution towards an economy based in salaried work. This issue was the Gordian knot, not only for the real understanding of the construction of the Brazilian economy since the end of the nineteenth century, but mainly, to the analyzes theories and interpretations of several social thinkers since there, Celso Furtado and his followers specially.

Therefore, a substantial part of Furtado’s entire intellectual effort was an attempt to untie this knot. In our point of view, such attempt was made in the light of the one more mistaken interpretation considering the thinker of his carat. In addition to debatable economic assertions in the specific treatment of the labor issue – which he insists on calling the problem of labor – the Author makes inferences about the behavior of the former slaves in their socioeconomic relations which would be only possible with a deep analytical understanding of them included through a strong data-based empirical knowledge, as well as history in its broadest sense, the anthropology, sociology, political science and something we have never seen happen in the field of economic sciences: an analysis of the growth evolution of a given country or region, devoid of any hegemonic ideology that underlies it.

3 The role of former slave in the transition period to paid labor: Inadequacy for the new economic cycle or “invisible” strategic human resource to the coffee’s production?

From reading the chapters on the manpower problem, we understand with some discomfort, that the Author seems to develop his entire argumentation from a structured analytical model of the point of view of economic

history, but also with underlying elements of a consolidated mental model not necessarily economic that have been overlooked by the majority of his interpreters about the analysis of the work under our discussion here. However, only by admitting the existence of this underlying mental model we can understand the various and huge contradictions and analytical depth problems found in *EFB* when the Author concerns focus about the slave manpower, in particular way.

Furtado suggests, for example, an extremely simplistic unfolding for the understanding the “issue of the manpower” which he so insistently calls “the problem of manpower”. For him, there was no issue of labor in general sense to being analyzed and unraveled, in that extremely complex historical context and of profound transformations, but a trouble to be solved, or, an possible explanation to be elaborated from a supposedly coherent economic logic for support the political events already consolidated in that time – like the end of slavery, for example –, but not necessarily, theoretically justified well.

His text indicates, therefore, that the main Brazilian economic cycle, the coffee, whose were bases would foment the process of industrialization, institutionalization, re-population and, mainly, spatial reorganization of the economy lacked a fundamental element for its sustenance and sustainability beyond the productive soils: the paid labor force. Thus, based on his reading of Brazilian economic history, Furtado affirmed that the solution found in that time was given per the following logical unfolding: due the scarcity and low quality of resident laborers – especially the former slaves – to cope with the accelerated growth of the dynamic sector of the new economy since the end of second half of the nineteenth century, associated the difficulty of interregional labor mobility, the “only alternative” for the growth and development of the Brazilian economy, in that moment, would be the massive importation of the “skilled” European laborers for the coffee cultivation.

We already have observed previously that both the issue of the absolute scarcity of labor and the so-called best intrinsic quality of the immigrant in relation to the former slaves, do not support itself when we focus look at some explicit contradictions in book narrative. But, we must have to show considerations about the element that we believe to be the most complex of these matters. That is, the Furtado affirmatives about the “total inadequacy” of the former slaves to the new salaried economy that emerged in Brazil on the end of the 1800s. Indeed, to confirm his understanding, he observes initially that the abolition of slavery, like an “agrarian reform”, does not imply per se neither destruction or creation of wealth. What it

does amount to is merely a redistribution of property within a community. (FURTADO, 1989)

We can see clearly that in the Author's thought, both the abolition itself, and consequently the fate of the previously enslaved persons, seemed, for him, variables totally exogenous to his analytical model. But that was not true. On the contrary, the issue of former slave's manpower was a structuring part of his model and an important basis for his interpretation of the entire economic process in that period and not just to explain the future labor supply of European immigrants. In this aspect, by way of illustration we can wonder if, by methodological exercise, we hypothesize that in the period immediately preceding the abolition of slavery, there were, by a totally unknown action, the complete elimination of all slaves of the Brazilian productive system, so we may ask: there would be destruction of wealth, from the *furtadian* point of view? Or if, in opposite, that same god ex-machine would double, or tripled, the number of slaves, would there be wealth creation?

As slave manpower is understood as capital goods in a slavery economic system, and hence the creation and destruction of capital goods necessarily leads to an increase or decrease the process of accumulation, that in its turn is the necessary condition for the growth of any economy, the answer is necessarily, yes for both questions. Thus, the problem was another one: it was not the slave's quantity who disappeared, doubled or tripled in the late nineteenth century, but it was the guiding political principle and the economic logic of the productive system that was sustained by the slavery regime that ceased exist institutionally, after almost 380 years! Therefore, even in the absence of other economic-based theoretical elements, we never can imagine that a specific institutional arrangement that allowed the transition from slave labor to wage labor (abolition) could have a neutral effect in terms of creating or destroying wealth in any economic model, as well as profound transformations and reorganizations of the all productive system since there.

On the other hand, it practically impossible to wondering that one of the greatest Brazilian economic thinkers have not perceived, in the end of 1950s, 20 years after the Lord Keynes's General Theory was published that his statement had not make sense, except if we forget at all the simply concept of aggregate supply and demand or the effective demand's meaning according Keynesian theory. But, the most serious of all this assertion is that it eventually cast a huge smokescreen on some elements that could lead to totally opposite interpretations of the possible zero effect on the economy of such profound institutional change like, the abyssal differences between the material conditions given to the newly arrived immigrant in

the country and those that not given the manpower of the liberated from enslavement in the new economic and political-institutional context.

If in the macroeconomic context lacked a certain degree of *keynesianism*, in the economist's model of analysis so he could see that the abolition of slavery should be a fundamental element for creation of wealth, it is in the microeconomics aspect that we observe the most dangerous manifestations made by him about the effects of the end of the slavery period and more specifically the role that the former slaves – and their descendants! – had have and would have in Brazilian economic development from then on.

The work of Delgado (2009), concludes pertinent observations (despite not exhaust) as well as possible justifications regarding the problems that we have been announcing in the course of the text and, especially, the developments that we intend to do from now on:

The lack of documentary information and specific research on the fate of former slaves, replaced in the production of coffee by the European immigrant, contrasts with a certain documentary prodigality, both on the influx of this immigrant, and from his work relations, before and after 1870, when the Government of the Province of São Paulo assumed all expenses related to immigration. This gap in historical it causes (exceptionally in the case of Celso Furtado) conclusions about the former slaves' microeconomic behavior, as a probable explanation for their relative marginalization of the labor market in the coffee zone. The following quotation, which illustrates Furtado's judgment on the exclusion of ex-slaves from wage labor, requires proper contextualization and a certain critical eye, as we shall see below.²⁵ (DELGADO, 2009, p. 236)

The quotation above refers to, without any kind doubt, one of the most disastrous statement someone of the intellectual importance as Celso Furtado could write in a work of such emblematic, even if we consider that it was made in the years 1959:

The favorable job situation existing in the coffee region afforded the freed slaves relatively high wages.

25 Free translation. Original in Portuguese.

In fact, abolition caused an effectively redistribution of income in favor of manpower in the coffee region. Nevertheless, that improvement in the real remuneration for labor seems to have had negative rather than positive effects on the utilization of factors. A better understanding of this aspects of the matter may be achieved by examining the broader social trait of slavery. The man raised under slavery is altogether unfit to respond to economic incentives. Because he has almost no habits of family life, the idea of accumulation of wealth is almost entirely alien to him. Moreover, his rudimentary mental development sets narrow limits upon his necessities. Work being a curse for the slave and leisure an unattainable blessing, raising his pay above the cost of his necessities – which are defined by the slave’s subsistence level – promptly induces a strong preference for leisure. [...] ‘In the old coffee region where, in order to retain the working force, it was necessary to pay relatively high wages, there was soon a slackening in work standards. Being able to meet his subsistence expenses on two or three working days a week, the erstwhile slave saw a more attractive proposition in ‘buying’ leisure than in working he felt he had enough to live on. Hence, one of the direct consequences of abolition in the regions of most rapid development, was a reduction in the degree of utilization of the working force. That problem has broad social repercussions which are beyond the scope of this work. At most I shall mention here only that the low mental development of the slave population led to slavery a partial segregation after abolition, delaying their assimilation and stunting the economic development of the country. Throughout the first half of the twentieth century, the great mass of the descendants of the former slave were to go living within its limited system of ‘necessities’, and playing purely passive role in the economic transformations of Brazil.’²⁶ (FURTADO, 1989, p. 140)

26 Free translation. Original in Portuguese.

Even if we considered only the state-of-the-art of knowledge about economics in that time, the profound improprieties of the previous citation content already would “leap into the eyes” of more attentive observers. If we admit, as a basis for our evaluation, everything else that had been produced in the field of economic sciences and other social sciences, in Brazil and abroad since there until now, we might suggest that the chapters that Furtado deals with the question of slave labor in his more notorious book, we may wonder if those pages should never have been written, because their assertions must have contributed to the strengthening of one of the greatest stigmas imposed on human beings – and their descendants – submitted to slavery in Brazil, that is, the “lack of skills” for work, for the learning and for economic activities outside a slavery regime. This affirmative seems a deep strongly statement but, unfortunately, it is the “bare and raw” synthesis of his proposition, in that topic of *EFB*.

However, the book is already consolidated itself as an important part of the whole framework of Brazilian economic knowledge and, therefore, it does not seem sufficient only try to put question its conceptions only by pointing out some of its serious incongruities or deleterious assertions, but from of them, to guide out the necessary paths to a process of deconstruction of those statements because even with the existence of some very appropriate criticisms, the majority of economists and other thinkers on the social sciences seem to have absorbed the logic presented in *EFB* without great or none reservations.

Mattoso (2009), for example, already pointed out as problematic the assertion of Furtado as to his perspective that the former slaves had the preference for idleness, when in a wage-setting regime and so the former slaves and their descendants passed to suffer discrimination and social exclusion. Delgado (2009) follows in the same line of reasoning when he affirms that the consensus of historical research on this issue is exhausted by the finding of social exclusion of former slaves in the coffee labor market, but there is no consensus on the “preference for idleness” [on the part of the ex-slaves] as justification for the existence of this process of exclusion.

The citation of Cunha (2004), below, from his doctoral thesis: *A faithful portrait of Bahia: society-racism-economy in the transition to paid work in the Recôncavo açucareiro, 1871-1902*,²⁷ is emblematic in the measure that participates in the debate historical economic, including racist ideology as an intrinsic variable to the analytical model that advocated the former slave’s inadequacy to the wage-labor regime that had been presented by Furtado and others social scientists:

27 Free translation. Original in Portuguese.

From the quotation, it follows that the former slaves lacked 'qualities', the rationality of homo oeconomicus, which would make them unsuitable for capitalist labor relations. In the author's words, this 'immediately determines a strong preference for idleness,' and the 'reduced mental development of the population submitted to slavery led to its partial segregation after abolition, delaying its assimilation, and hindering the country's economic development.' Thus, the economic literature constituted the myth of the former slave's inadequacy to capitalist relations, or rather, to the new labor relations post-abolition. Nothing, however, was said about the slave of gain that throughout the nineteenth century, in exchange for his freedom, he worked hard and in any activity to provide for his survival and the income of his employer/lord. There is also no mention of the possibility of the slave does constitute savings, which was provided for by Law 2040 of September 28, 1871 (the free womb's Law), nor to the countless wills and inventories left by the African former slaves and Creoles, in which one observes a mastery of the economic codes for the accumulation of wealth. On the other hand, there is a total silence about the meaning of idleness, which seems to be understood by scholars as synonymous of non-work. From the perspective of the former slave, idleness could be an expression of the resistance to discipline imposed by the wage-labor regime.²⁸ (CUNHA, 2004, p. 18-19)

The author advances in the discussion demonstrating that both economic inadequacy and the preference for idleness were a myth rooted in the economic canons of economic history in particular, giving us concrete examples of the both phenomena actually lacked minimum empirical proofs. However, the "inadequacy" of the former slaves to the new labor relations, or more precisely, their preference for idleness would not in fact be the most problematic aspect of being debated from Furtado's economic model. Strictly speaking, classical economics itself already advocated that the dilemma between work and leisure was part of the process of choosing

²⁸ Free translation. Original in Portuguese.

the rational individual in front of capitalist labor market, so it is not a foreign concept to economic analysis, except for the categorization given by the Author to the motive cause of the former slave's preferences.

Our point is: the fundamental issue that must be discussed and deconstructed in Furtado's assertion about is the reason advocated by him to justify the behavior of the former slave in face of that we might call of disutility marginal of his own work, because of the point of view of economic analysis is not really different from the behavior of any and all laborer in a given economic and institutional environment, especially in the capitalism. Simonsen (1983, p. 13), helps us to better understand this complex issue:

Each individual distributes the 24 hours a day between working hours and leisure hours. The term 'leisure' is used here in the broad sense, encompassing rest, amusements, and work outside of companies and for self-consumption. The number of hours that each individual dedicates to the work in the companies depends on their preferences between income and leisure and the real salary paid by the companies. In the short term it is assumed fixed the number of individuals and their preferences. Thus, the supply of labor is a function of the real wage.²⁹

The Holanda text (1995), below, illustrate in the curious way, the universal character of human behavior before the perception of the marginal disutility of its work force:

The truth is that typical English is not industrious, nor does it possess to an extreme degree the sense of economics... It tends, on the contrary, to indolence and prodigality, and esteem above all the 'good life'. This was the current, almost unanimous opinion of the foreigners who visited Britain Before the victorian era.³⁰ (HOLANDA, 1995, p. 45)

Therefore, could we infer that the "good life" of typical English (or would it be a preference for idleness?), in a society which was the cradle

29 Free translation. Original in Portuguese.

30 Free translation. Original in Portuguese.

of the industrial revolution, would also mean a rudimentary mental development of their people?

Thus, in addition to contradicting the myth of the absence of typical homo oeconomicus reasoning in the former slaves and their descendants just because they were submitted to slavery in Brazil as Furtado suggested, what we should affirm is that in the absence of elements substantial and empirical in his own work, nothing could be said, a priori, about the true cause of the former slave's behavior in the moment their entry into the salaried labor market, much less to attribute to them to a rudimentary mental development that would limiting the their needs – and of the their descendants! – as the reason for their supposedly behavior not economic.

In this sense, what we must observe with the greatest possible emphasis on this assertion is that despite representing a seemingly simple discursive construction (there are only three key words in the complete sentence), it is the core of all logic “of a thesis” whose post developments point to “a theoretical” construction which seems to contain much more serious aspects in the interpretation of *EFB* Author than only to announce the “preference for idleness” per the former slaves in a wage-labor relationship as an immediate cause of their own social and economic exclusion, and consequently as an engine of the retardation and numbness of the country's economic development throughout the first half of the twentieth century like said Furtado

Among the various contradictions observed during reading the Furtado's book, this one is the most significant. Not only by the seemingly logical unfolding of the economic consequences related to it, but fundamentally because it also serves to show, quite objectively, that the task of presenting a theorizing economically based to justify the facts from that period of Brazilian history which accumulated over on time, seemed to draw from the context of the Author's arguments any critical element in relation to his own study, when the subject matter was the enslaved human beings. Indeed, when we observe that the Author himself, in discussing the mining economy of the eighteenth century, in the same book, presents information that enables any reader to arrive conclusions totally inverse to those that he has recorded about the low mental development of ex-slave population to work on the new coffee enterprise:

If immigrants with some manufacturing experience had arrived in Brazil, the most likely consequence would be that the initiatives would arise at the right time, developing a capacity for organization and technique that the colony did not know. A clear

example of this is what happened with the iron metallurgy. The demand for this metal was great in a region where livestock branding existed by tens of thousands – to mention the case of a single article – and being so abundant iron ore and charcoal, the development of the steel industry was made possible by the technical knowledge of African slaves.³¹ (FURTADO, 1989, p. 80)

The question that must be asked is how individuals who possessed technical knowledge for metallurgy and steelmaking, activities much more complex than the farming techniques existing in that time, could have “a rudimentary mental development”, as Celso Furtado affirmed so explicitly and directly?

Besides that, it also should be pointed out that black population was the same – even forcibly as slaves – that supported more than 3,5 centuries of the production of sugar cane and other export products that shaped all the Brazilian economy throughout the colonial period and yet for almost seventy years after Brazil’s independence. So, we must ask enfatically what could scientifically explain the mind inadequacies for the free and paid work in only few years after the abolition, as try to argue Furtado?

To emphasize these profound contradiction in the analytical construction presented in the book is fundamental for the deconstruction of the myths that led to the stigmatization of the former slaves and their descendants that if not ware created by the Economist, were certainly accentuated by him in his analytical construction in the field of hegemonic economic history for more than half a century, notably in *EFB*.

A second aspect to deserves attention is the extent of the responsibility that Furtado attributes to the black population for Brazilian underdevelopment until the middle of the 20th century. He is not content to “blame” for the atrophy of our economic development the 15% of the population submitted to slavery, but also the about 42% of the population of their descendants if we observe only the census of 1872, sixteen years before the end of slavery.

Therefore, for him, if 58% of the country’s black population of that period was not properly included in the productive process, in the new phase of the Brazilian economy and in the social system as a whole, it would be due their own “incapacities” and not the abyssal difference in terms of living and working conditions that the black population was

31 Free translation. Original in Portuguese.

submitted, absolutely, after the abolition of slavery, and relative, when we comparing the totally different conditions of the immigrants coming from Europe, which were supported by a wide range of governmental policies of affirmative action and positive discrimination (social, pecuniary and of capital resources).

Such favors for European immigrants were perhaps the greatest example seen in the recent history of the western world of affirmative action toward a particular racial ethnic group made by a Nation-State. So, we must argue strongly is that those policies not only created the social and economic gap, between European immigrants and the former slaves and their descendants already resident in the country, but instigated, in a way “economically justified”, the prejudice, the discrimination and the Brazilian racism through a seeming productive logic “and a perverse system” of unequal competition, which has structured all social relations in Brazil, especially the economic relationship between its different social groups since the end of slavery. The result of this policy can be verified by the sharp increase in the participation of the European white population (less than 40%) in 1872 to something around 62% in 1950, of the total population, while the black population decreases its participation of 60% to less than 36% in the same period.

In a really objective word, the fact is the ideological perspective underlying Furtado’s presented analytical model did not allow him to see – almost in the early 1960s! – that behind the socioeconomic exclusion of blacks, built after abolition, there was an explicit policy of whitening and “ *europeização*” of the Brazilian people and not defects of biological, cultural or racial origin of the former slaves and their descendants. This kind understanding weakened his main arguments about the manpower issue on the book. In this context, the quotation below help us to open our view about it:

Brazilian intellectuals, skeptical of the redemptive promises of abolition and of the republic, had to account for the causes of backwardness and flagrant social differences in the country and they did so by explaining the internal inequalities and the mismatch of the nation Before the civilized world by the racial prism. Thus, in Brazil, from the end of the nineteenth century onwards, different modalities of deterministic thoughts had gained space, with the function of giving a foundation to the rigid social hierarchy of the country based on racial differences.

National backwardness and the impossibility of reaching higher levels of civilization have been explained on the basis of the perverse combination of unfavorable environments (the tropics) and inferior races (blacks and Indians) prevented from achieving human perfectibility...³² (VIEIRA, 2007, p. 139-140)

Two aspects demand more emphatic records. The first one concerns the convergence of above perspective with the thought of Celso Furtado recorded in an interview in 2002, when he affirmed: “with the theory of racial inferiority gone, the answer could only be in history, and I went there – in the history – to get her”. Here, it is important to say that he was talking about his book *Organized Fantasy*,³³ from 1985, which he wrote 26 years after the first edition of *EFB!* But, in that time the book *Economic Formation of Brazil* already was a classical and imperative reading for several generations of economists, social thinkers and policy makers.

Therefore, if old Furtado of 2002 was assuming that there was some racist component in his earlier analyzes when he referred to rudimentary mental development as the extreme limiting of the needs of black people and their descendants to justifying their own economic and social exclusion belonged to that range of racist constructions, we will never know for sure! However, important authors that published in the same historical period of the economist already had pointed out, even before 1959 that the perspective of racial inferiority was not the causal motive of the process of Brazilian underdevelopment and neither justification to the social exclusion of the black, indians and mestizo population. In fact, the situation was result of a strategy of defense of interests and the maintaining the status quo of the national bourgeoisie and aristocracy, that were deeply shaken by the end of slavery.

For example, Bastide and Fernandes (2006, p. 65-67), in two important moments of his work “Whites and Blacks in São Paulo”,³⁴ whose first publication dates from 1955 and the second edition is published in 1959, coincidentally in the same year of the first edition of *Formation*, argues:

To the slaves were granted a theoretical freedom, without any guarantee of economic security or compulsory assistance; To the lords and to the state

32 Free translation. Original in Portuguese.

33 Free translation. Original in Portuguese.

34 Free translation. Original in Portuguese.

no obligation was attributed with reference to the persons of the freedmen freed from their own fate thereafter. To sum up, the social interests of the slave owners prevailed politically, [...] And even until 1887, already in the acute period of the abolitionist agitations, several farmers from São Paulo and their most authoritative interpreters defended the necessity of educating the freedman and transforming him into a free laborer

[...] However, the foundations of these ideas were linked to the social interests of the masters, having nothing to do with the humanitarian ideals of the abolitionists. [...] The discovery of the inconsistency of these ideas produced a reversal in the attitudes of the masters and, as a consequence, the old preoccupations of the human recovery of the slave as a free man were abandoned.

The authors continue,

It was assumed, in principle, that this process resulted even from the Negro's biological inability to adapt to the Paulista plan and that it would be sufficiently devastating to produce the extinction of the black element and his mestizo descendants in a period of forty or fifty years. More meticulous statistical analyzes, however, demonstrate that the aforementioned selective process did not reach alarming extensions and that, by itself, it would not be enough to determine a sudden change in the composition of the population as to the color. On the other hand, the results of the sociological investigations, made by Roger Bastide, led him to conclude that the black deficit did not come from the adaptive incapacity of the Negro, nor from physiological factors, but from the deplorable conditions of life faced in the slums of the city.³⁵ (BASTIDE; FERNANDES, 2006, p. 75-76)

³⁵ Free translation. Original in Portuguese.

The difference between the interpretation of Furtado and Fernandes/Bastide in relation to the same problem is of a qualitative very strong contrast, if we observe the place that each of them places the former slaves and, especially, the role of these former slaves in the process of underdevelopment of Brazil in that environment of profound transformation. It did not seem to us that there was any concern in *EFB* to outline the new role of freed people, in need of education or specific training for the transition to free labor, considering due regard to their humanity as were suggested by the authors of the 1955's book. Thus, for Bastide and Fernandes (2006), with the end of slavery, the human beings who were being submitted to that, could not simply be placed in a frank and open competition, in a labor market in deep transformations and in conditions of dispute profoundly unequal when observed the immeasurable policies of positive discrimination given to European immigrants, in comparison the conditions given to the workers here resident and especially the former slaves and their descendants

The authors therefore suggest that this new labor potential should had, necessarily, be adequately included in the country's new development model. On the other hand, the social, technical or even cultural differences of this new contingent of workers had nothing to do with their "rudimentary mental development", like was appointed by Furtado, but with the material and economic conditions historically structured and external to their personality, therefore, passable from to be corrected just as the material conditions of life, production and reproduction were institutional build in the Brazilian social structure in order to welcome the arrival of European immigrants.

If Furtado's statement, per se, already would create a deep confusion in the comprehensive understanding of the historical processes that were responsible for the Brazilian economic underdevelopment of all first middle of the 20th century. Beyond this, it is important to say that in the core of his conception, there was an even more problematic element. That is, his conception of that the black men and women, were suffered social and economic exclusion because of their "rudimentary mental capacity" what according Furtado limited their needs. Due the importance of this statement to the general context of his book, there is another profound issue to be taken up by research in the field of economic history and also development policies which was the effect of this Furtado's view, on the Brazilian development policies, especially the regional development policies designed under his responsibility from 1959 and the follow years, when he was one of the most important leaders of the country's public policies makers.

4 Final considerations

The book *Economic Formation of Brazil* was, still is and will continue been one of the more important works for understanding the process of Brazilian economic development. However, there is a serious problem to be argue in its analytical construction, which is the Author's understanding about the reasons that led to the socioeconomic exclusion of black population after the slavery regime. The tensions and contradictions in the Author's own speech are obvious, and in themselves would require a profound revisiting of their propositions. But, much more than this, admitting almost exclusively to the former slaves and their descendants the responsibility for their own social, and economic exclusion due to a supposed "rudimentary mental development" that limited their needs and work demand, and also hence to Brazilian underdevelopment in the first half of the 20th century, Furtado seems to reveal the main limitations of the economic model that he developed in his very important work, as showed by Sodré (2009) and Arena (2009), that we mentioned in item 2 of this paper.

Moreover, if we look at other statements throughout the work, we can affirm also that following the path of a range of intellectuals and thinkers of that time, the racist ideology had a preponderant effect on their interpretations. In our opinion is hard to understand how he got have that kind of conclusions in front of the empirical evidence on the big differences in conditions of entry between European immigrants and former slaves and their descendants in the wage labor market, after the slavery. That is, the abstraction capacity of the Author of *EFB* led him to statements that suggest to their readers that the primary responsibility for the exclusion of a significant part of the Brazilian population was the result of the limitations of the individuals who were the target of the historically structured process of social exclusion: first, because they were slaves during the period of slavery and after the abolition, for having been enslaved in the previous period. In few words, the fact is: his argument is incoherent and a weak tautology that can be clearly observed in his own narrative in the book.

Furthermore, the fundamental difference between the production of his knowledge and the other thinkers in the same period in the history and about same topic in the Brazilian economic history, is that Furtado, as the more important policy maker in that time, received by the government the task to formulate the bigger intervention public already done, in Brazil, in the country's Northeast region especially. Therefore, just as his work had

merited the merit in identifying the particularities of Brazilian economic evolution in different regionally localized productive systems, since the colonial time until 1950s, we can also affirm that was underling those regional development policies, designed by him, also a kind of impediment to see the necessity to put in his planning the problem of the exclusion of the blacks manpower of the new economic model as one of the endogenous variables to overcome the Brazilian and regional underdevelopment. It is clear to us that this was done because, by him, the exclusion process of the former slaves and their decedents was not an endogenous problem of the country's economic system, but only due the absence of a correct economic behavior of that part of Brazilian population. Thus, the European immigration could fix it in the time.

Indeed, the same analytical capacity that allowed Furtado to perceive so correctly the duality of the northeastern region economic complex as an important obstacle to be overcome in favor of Brazilian development through specific public policies was not enough to show him also that internally in the region, and much more marked than in the rest of the country, substantial negative externalities of the unequal process had remained and deepened with regard to the conditions of entry into the wage labor market between former slaves and their descendants, and new workforce that came from Europe in the end of slavery. Paradoxically, therefore, the inter-regional policies that were a kind of "territorial affirmatives policies" to mitigate imbalance in the space economic national growth, not had in Brazil, from the point of view of intra-regional issues, any concern with the particularities under which the various social groups were "included" (or excluded) in the economic and social system, after the slavery and the beginning of the industrialization.

Faced with evidence of so many contradictions, the good science requires reinterpretations and even overcoming some paradigms to progress to a better understanding of phenomena under study and observation. Thus, our contribution aimed to present several arguments to demonstrate that one of the central aspects of the furtadian thesis, in *EFB* – the exclusion of the part Brazilian population after the slavery and the underlying causes of this exclusion, according to their understanding – merit an overview more appropriate and really comprehensive because the great majority of the literature about it, does not do none question about some of his important statements – but not necessarily correct – in his work. Perhaps that's why in Brazil there was no structure, executive arrangement neither kind of incentives by the national, regional and local governments for the implementation of a public policy focused on affirmative action and civil-rights

for the black population until the second half of the 1990s, thirty years after the first edition of *Economic Formation of Brazil* and of the public policies of development created and implemented by Celso Furtado.

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