

NOTAS ECONÓMICAS

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REVISIA DA FACULDADE DE ECONOMIA DA UNIVERSIA

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Structuralism and Development Economics in the European Semi-Periphery: the case of Portugal

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resumo

Este artigo visa descrever os aspectos principais do processo de difusão e de assimilação das ideias económicas desenvolvimentistas e estruturalistas em Portugal entre os anos 1950 e 1980. Ocupa-se de uma situação particular em que ideias originárias da periferia da economia mundial (países latino-americanos) influenciaram de modo relevante um país semi-periférico. Sustenta-se que os economistas portugueses se revelaram mais sensíveis aos aspectos técnicos relacionados com o planeamento económico do que à dimensão social e política associada à análise das condições económicas e sociais dos países subdesenvolvidos.

résumé / abstract

Le but de cet article est la caractérisation des aspects les plus importants du procès de diffusion et assimilation des idées économiques développementalistes et structuralistes au Portugal entre les années 1950 et 1980. Il s'occupe d'une situation particulière dans laquelle des idées originaires de la périphérie de l'économie mondiale (pays latino-américains) ont influencé d'une façon importante un pays semi-périphérique. Ont considère que les économistes portugais se sont rendus plus sensibles aux aspects techniques apportés par la planification économique qu'à la dimension sociale et politique engagée dans l'analyse des conditions économiques et sociales des pays sous-développés.

This article aims at presenting the basic features of the process of diffusion and assimilation of structuralist, developmentalist economic ideas in Portugal from the 1950's to the 1980's. This is a case study of a particular situation where ideas coming from the periphery of the world economy (Latin-American countries) were quite influential in a semi-periphery country. The article argues that Portuguese economists were more sensitive to the technical aspects related to economic planning and less concerned with the sociological and political dimension associated to the analysis of the social and economic conditions of living in underdeveloped countries.

1. Introduction*



A new concern with economic development and growth issues has emerged immediately after the Second World War. One of its main features was the attention paid to the backwardness of some economies, namely those of both the Latin-American periphery and the European semi-periphery. It is the aim of this article to address and discuss that new concern, bearing in mind that it is at the very origin of the definition of long term economic policies, which were in part theoretically supported by the structuralist and developmentalist conceptions put forward in Latin American countries by authors such as Raul Prebisch, in Argentina, and Celso Furtado, in Brazil, as well as other economists with close links to the United Nations Economic Commission for Latin America (ECLA).

Our main purpose is to discuss the way how this flow of economic ideas was imported and assimilated by semi-peripheric European countries such as Portugal. In fact, the Portuguese experience provides an interesting case study where one can assess both the impact of developmentalist and structuralist ideas and their influence on the implementation of economic policies. In section 1 of the article we try to provide a general presentation of this diffusion process, bearing in mind the very nature of the ideas transmitted and the favorable conditions in the receiving country. We proceed by identifying the main moments in the introduction of the structuralist concepts related to the process of economic development (section 2). We then highlight the signs which the authors of the Latin American school succeeded in producing in Portugal, both at the level of reflection on the structural problems of the Portuguese economy (sections 3 and 4) and at the level of experiences in university teaching (section 5). We conclude with a review of the significance of this experience of the importation of economic ideas.

1. The relevance of structuralism to a semi-peripheral country

The concern with economic development has been present in various moments in the history of economic thought, although it is only since the mid-twentieth century that it has become a prominent feature in the agenda of economists. Regardless of the theoretical guidelines under which the question is approached, whether these be of greater or lesser faithfulness to the predominant neoclassical orthodoxy, there seems to be remarkable consensus about the importance and pertinence of analyses centred on the themes of economic growth and development.

One of the pioneering approaches was built up by Paul Rosenstein-Rodan (1943), who started presenting the idea that the process of economic modernisation would require a “big push” in order to solve the vicious circle of economic backwardness. Such a process implied the creation of industrialisation programmes fostered by the State, which could only be feasible by means of public investment and foreign aid. Planning and investment were the keywords of this approach to economic development issues, taking into account the situation in Eastern and South Eastern European countries, where the effectiveness of the market mechanism was at stake during that period.

However, it was in a different geographical setting that economic development literature would soon blow up, in the context of the United Nations general concern with the increasing differences between developed, developing and under-developed countries. The awareness of the causes of and solutions for economic backwardness was clearly revealed by Hans Singer (1949) and Raul Prebisch (1949), the latter being unanimously considered as the founding father of the structuralist doctrine of development associated to the work and mission undertaken by the United Nations Economic Commission for Latin America (ECLA). Many economists from

* The authors gratefully acknowledge the useful comments and suggestions provided by Joseph Love, Manuela Silva, Tamás Szmrecsányi and two anonymous referees of this journal. The usual disclaimer applies.



Argentina, Brazil and other Latin American countries joined the efforts of ECLA, which was to become a fundamental institution dealing with the implementation of economic policy measures designed to overcome economic underdevelopment¹. The basic intuition of the economists working under the auspices of ECLA was to note an unequal and asymmetrical relationship between the industrialised core and the periphery supplying raw materials, a relationship that is in every respect identical to the typical form of relationship between the old imperial metropolises and their colonies. The importance afforded to the historical colonial legacy is precisely one of the key, *structural* features that makes the distinction of ECLA's structuralism in explaining the basic determinants of economic backwardness. By considering the economic structures as historically determined, Prebisch and other ECLA economists were also claiming that the road to development would necessarily imply a substantial change in the prevailing organisation of economic sectors.

According to this analysis, the spread of technical progress from the core to the periphery took place at an excessively slow pace and, in order to break the prevailing relationship of inequality, it was essential to initiate an industrialisation process in the peripheral countries by import substitution of products that could be manufactured internally without worsening the relationship of technological dependence. In this process, it fell to the State to play an essential role in the creation of a protective environment that would make use of the customary instruments of economic policy (infant industry and protective rights) needed to encourage the take-off and consolidation of the industrial sector. The Latin American structuralist school did not invent such instruments, but contemplated the opportunity of their being used in order to lessen the inequalities in the levels and rhythms of development between the countries at the core and those on the periphery.

Contradicting the presuppositions and developments of the Ricardian theory of comparative advantages, Prebisch and his followers tried to show that the constant and progressive deterioration of the terms of trade in the peripheral countries made it impossible to maintain the illusion that all countries could simultaneously benefit from the expansion of trade at an international level. This is also a very peculiar, distinctive feature of Latin American structuralism, when compared to other forms of structuralism, namely the analysis put forward by François Perroux or Albert Hirschman for whom there was no need to fight against the arguments of classical and neoclassical theory of international trade and specialisation. According to Prebisch, the assumptions of both the perfect mobility of the factors of production and the advantages of free trade were not confirmed. The international environment was therefore one further structural determinant of the difficult situation experienced by Latin American economies, which should be faced with different theoretical means and policy instruments. The central message was that international trade and specialisation could no longer be only for the benefits of industrialised, developed countries.

Regardless of the empirical evidence and conceptual realism of this view, the importance of its doctrinal component created conditions that favoured the acceptance of guidelines for economic policy capable of diminishing the differences between the core and the periphery². Such receptiveness was certainly due to the institutional acceptance afforded by ECLA; but it was also due to the persuasive care and attention given to the language and rhetorical instruments that were used. Without being openly hostile to the mainstream economic theory, such rhetoric clearly put across the essential political message regarding the responsibility of the countries at the core for maintaining the factors of underdevelopment that affected the countries on the periphery (cf. Bianchi and Salviano, 1999).

1 It is not the purpose of this paper to present and discuss the characteristics of this school of economic thought. For an overview of the main features of the structuralist school cf. Rodríguez (1981) and Kay (1989). For an anthology of the main texts of ECLA cf. Bielschowsky (2000), which also provide a useful introduction to the central themes and problems analysed by this school of thought.

2 The impact of ECLA developmentalist approach in Latin American countries is well documented and argued in Bielschowsky (1988). For a brief presentation of this impact cf. also Colistete (2001).



The impact of the Latin American structuralist school spread far beyond their natural geographical area. In fact, various economies situated in other parts of the world, namely in the north of the Mediterranean basin, also experienced the problems of economic backwardness and felt the need to define policies that might help to overcome this backwardness, so that they remained alert to the contributions put forward by Prebisch and other economists who remained loyal to the ideas of ECLA.

Certain particular conditions of these societies, namely their semi-peripheral nature, the existence of enduring right-wing dictatorships and the preferential relationship that they enjoyed with the centres of production of economic ideas situated in Europe, gave a rather peculiar tinge to the structuralist vision that was then being imported.

Outside the Latin American world, the fundamental effects of this process of importing ideas have already been touched upon in relation to some national cases, namely the Spanish case (Velarde Fuertes, 1981) and, albeit marginally, the Greek case (Psalidopoulos, 1996). They have also been examined from a comparative viewpoint, in a study involving Romania, Spain and Portugal (Love, 2001). We shall seek to complement these studies with a consideration of the Portuguese experience, returning once more to the type of analysis already attempted in a study with a limited chronological scope (Bastien, 1992).

We are faced with a research situation that configures an atypical case of the process for the international spread of economic ideas. Normally, the direction of the flow of such ideas is from the core to the periphery, with this periphery being considered from the twin aspects of its degree of economic development and its level of scientific and intellectual maturity (cf. Cardoso, 2002). Intellectual relations between core and periphery are asymmetrical and reverse movements of influence hardly occur. In the case of Portugal — and specifically in relation to the second half of the twentieth century — its status as a semiperipheral country is unquestionable, representing a classical case study of the processes involved in the attraction, assimilation and adaptation of the economic thought produced in the main centres for the diffusion of such ideas in both Europe and the United States (cf. Bastien, 2000). For this reason, the generic principle can be applied to Portugal, according to which:

“The degree of intellectual peripherality of a region — a country, a part of a country or a group of countries — in a given field of thought in a given period of time is higher the higher its propensity to import ideas from the intellectual core region, and the longer the time lag between the adoption of the ideas in the core and in the importing region, and the less the imported idea is modified in the importing region” (Mäki 1996, 321).

We may even extend and develop this very principle to the particular case of semi-peripheral countries, which can be broadly defined as intermediate situations between the two extreme types³. However, we should also take into account that what makes these situations distinctive is their willingness to accept influences from both sides, preserving a certain degree of autonomy and identity.

The importance that the structuralist school of the theory of economic development enjoyed in Portugal consequently directs our attention to a situation in which the core is in fact represented by countries or regions for which the classification of peripheral is normally reserved. In other words, the search for an innovative theory of economic development that took place in the periphery proved to be of a certain use to a country that matches a usual semi-peripheral status. There is nothing paradoxical about this situation, if we take into consideration certain features of proximity between the structure of the Portuguese economy and the underdeveloped economies of Latin America in the period preceding and immediately following the Second World War.

³ The role of intellectual semi-peripheries, which is not covered by Mäki's typology, is discussed by Polanco (1990), in the context of a more general presentation of a history of “world-science”.



In fact, it is worth considering the small size of the Portuguese economy and, generally speaking, the situation of economic backwardness that could be clearly seen in the major role played by the agricultural sector, the somewhat primitive nature of the financial markets and the almost complete absence of unemployment. This scenario was particularly favourable for the emergence of developmentalist concerns insisting on the means and resources that would make it possible for the country to converge towards the levels of growth of its main European partners.

During the 1930s, these ideas were mainly propounded by the professional group of engineers, whose interests were fairly well represented in certain centres of decision-making about the policies relating to the energy supply, the modernisation of roads and other means of communication, and the framework for industrial activity. Although the discourse of these engineers was based more on a call for pragmatism and common sense than on arguments drawn from conventional, mainstream economic theory, it nonetheless implicitly gave rise to an improved knowledge of the strictly economic conditions of Portuguese underdevelopment and the means for overcoming this. In this way, the productivist and technocratic anxiety of the engineers created an environment that was favourable to the adoption of some of the ideas being put forward by the Latin American structuralist current of economic thought.

How did this take place and what was the real impact in Portugal of these ideas coming from the periphery of mainstream economic thought? This is the subject that we shall now analyse, trying to identify lines of conceptual reliability unifying some theoretical arguments and policy measures designed for different national contexts. We shall take into account not only the direct signs of the use of ECLA's discourse, but also the inherent conditions that call for the acknowledgement of its relevance. We shall also consider the assimilation of other converging ideas, which contributed to create an auspicious framework to build up development programmes and planning techniques

2. First signs of structuralist thought

The term structuralism, referring to a style or current of economic thought, does not apply only to the literature on economic development produced by ECLA from 1950 onwards. It is important to bear this in mind when analysing how a few Portuguese economists were receptive to structuralist reasoning prior to the diffusion of ECLA studies.

If, in keeping with Paul Singer, we take for granted the general definition of structuralism that it is "to think about the economy in terms of systems, regimes and structures" (1968: 17), we may therefore draw our attention to the production of some partial studies on the Portuguese economy in the 1940s and 1950s, which, because they had used the notion of structure as a fundamental analytical tool, may be considered as an example of implicit structuralist thought. It is, however, important to note that none of the protagonists of these studies expressly claimed to have adhered to such a current of thought. The main inspiration was certainly provided by the reading of François Perroux, who had personally contacted with the most important Portuguese authors of mid 1930's on the occasion of a short stay at the University of Coimbra resulting in the publication of an influential textbook (Perroux, 1936).

As the problem of economic development is a problem of transforming structures, the structuralist vision showed itself to be particularly suitable as an approach to this subject. It is in this way that one can explain the almost chronological coincidence between the sudden spread of developmentalist doctrine and its importation by Portuguese authors, despite the fact that much of this structuralism was limited to the general recognition of the existence of differentiated sectors in the national economy. Besides this somewhat moderated but nonetheless widespread version, during this period there also emerged a more sophisticated version that already afforded a relatively rigorous and detailed understanding of the nature and heterogeneity of the various elements that made up the Portuguese economy, enabling both the definition of a development strategy and the critical assessment of the effectiveness of mainstream economic theory.

In this context, attention should be drawn to the pioneering work of Fernando Seabra (1945). Its historical significance arises from the fact that this was the first text to establish a bridge between



developmentalist doctrine and conventional economic theory. In his view, the industrialisation of backward economies — or agricultural economies, to use the expression in vogue at the time — was a basically spontaneous process, similar in all respects to the one that had taken place some decades earlier in the developed core economies. Its fundamental theoretical frame of reference is still the theory of comparative advantages, which the author nonetheless makes more dynamic and subverts to some extent through reference to population growth, the growth in land rent, the fall in real wages and the consequent “alteration of the primitive ratio of comparative costs” (Seabra, 1945: 156), in order to demonstrate the need for Portugal to become industrialised. Revealing some sympathy for the structuralist theses, and heavily influenced by the work of Perroux (1936), Seabra refers to the need to “define the structure of any capitalist economy” (advocating for this purpose recourse to certain quantitative indicators, such as the relationship between the outputs in each branch of industry or the percentage contribution made towards national income by each sector) and notes that “knowledge of the structures is an indispensable link between economic theory and policy” (1945: 67-68).

Some years later, a second work was to appear, expressly announcing as its objective “the study of the economic structure of the Portuguese mainland (...) only the structure and not a general study on the Portuguese economy” (Moura, Pinto and Nunes, 1954: 22), meaning by this that the aim was not a mere description of economic life, but rather a comprehensive analysis of its basic structural elements. Its starting point was once again the recognition of the nation’s backwardness, taking into account not only indicators such as national income and income *per capita*, but also data relating to the distribution of product and labour by sectors, which were then subjected to international comparisons based on statistical information collected in the influential work by Colin Clark (1940).

An important feature in the structure of this book was the statement that “the comparison clearly illustrates our position amongst the underdeveloped countries, which, as a rule, are characterised by a predominantly agricultural structure”, as well as the “confirmation of the fact that, generally speaking, agricultural activity predominates in those countries with a lower income *per capita*” (Moura, Pinto and Nunes, 1954: 18-19). Next, it was explained that “one of the solutions that has been widely recommended as a means of raising the level of productive forces in underdeveloped countries is industrialisation”, whilst it was concluded that “given that the process of industrialisation implies a transfer of factors from agriculture to industry, the structural analysis of these two sectors imposed itself as a basic need” (*idem*: 21-22), to which that of foreign trade would later be added.

The defence of these statements involved a synthetic description of the first of these sub-structures — agriculture — with the analysis centring upon an attempt to assess the share of capital invested in this area, the participation rate of the active population in this sector as a share of the total active population and the contribution of agriculture to GDP, besides a consideration of other aspects that also expressed the importance of agrarian structures in the Portuguese economy as a whole.

The analysis of the industrial sector followed similar patterns, with the only exception being the introduction of the idea that it was necessary to identify each of its subsectors, as well as to analyse the network of the respective relations of structural interdependence. This step, rightly considered to be essential for the definition of industrial policy, brought with it the call for a new analytical tool, in this case a Leontiev matrix, which, despite its having already been expounded in an abstract and general manner in the Portuguese economic literature (Murteira, 1952), was only now applied for the first time, by way of illustration, to the study of the concrete situation of industry. Finally, the structure of foreign trade was touched upon, it being considered that the “knowledge of this still represented one of the best indicators of a country’s state of economic development, given that the typical trade structures of industrial countries and underdeveloped countries are characterised with a fair degree of rigorousness” (Moura, Pinto and Nunes, 1954: 175). The logical conclusion was that, in the Portuguese case, “the structure of imports and exports corresponds to the one that typically characterises underdeveloped countries” (*idem*: 217).



In the same year of 1954, another study was published, less extensive and detailed than the one mentioned above, and having as its aim to construct a general model of underdeveloped countries, which would then serve as a basis for discussing some of the “most salient aspects of the Portuguese economic structure, a *sui generis* element of the current aggregate of underdeveloped economies” (Pereira, 1954: 3). In this text, a vision of this type of economy was adopted that was simultaneously structuralist and functionalist, with an attempt being made to make a specific elaboration of received economic theory, in order to capture some of the peculiarities of the Portuguese situation. In order to achieve this, recourse was had to the concepts of capital scarcity, propensity to consumption and propensity to liquidity — this latter concept being set up in contrast to the Keynesian notion of liquidity preference, although its characterising element was now the risk resulting from the investment of private capital in the productive sectors (Pereira, 1954: 4) — as well as other notions such as effective demand, disguised unemployment or a lack of technical capacity.

The most interesting and innovative feature of this study lay in the attempt to operationalise concepts that would characterise the phenomenon of underdevelopment, particularly when attempting to quantify the disguised unemployment in agriculture or to assess the directional scarcity of capital through the use of an index for the application of bank deposits, or even when referring to the weak propensity for industrial investment and the preference for the real estate sector.

3. The influence of the ECLA studies

In the studies surveyed above, there is a noticeable absence of any explicit references to the thought of Prebisch and ECLA. However, adherence to ways of thinking that were integrated into a similar structuralist framework made it possible to foresee future signs of active receptiveness. This was what happened with the group of studies published by two of the authors quoted above, F. Pereira de Moura and L. Teixeira Pinto, which were expressly dedicated to the theme of Portuguese economic growth (Moura and Pinto, 1958). The influence of the Latin American school was visible in aspects ranging from the simple manifestation of a similar type of general and basic concern with the problems of growth, clearly understood as being problems of a structural nature — “growth and structural change are phenomena that are frequently linked, not to say confused, in economic analysis” (*idem*: 57) — to the greater attention given to certain specific partial problematics, such as income distribution, or even to the adoption of the same type of analytical tools. In fact, the Portuguese authors made use of concepts and analytical tools that were also dealt with by ECLA economists in similar explanatory contexts, such as, for example, input-output table, income elasticity of demand, structural bottleneck or sectoral capital-output ratio.

The most directly noticeable aspect of the influence of the novelties introduced by ECLA, whose inspiration was in fact expressly recognised, was the exposition of programming techniques (cf. Moura and Pinto, 1958: 5). The different phases of global programming (diagnosis, preparation of the programme and its implementation) were introduced successively, both in the abstract sense and with the help of some original exercises for its application to the Portuguese case. Similarly, programming techniques were considered by industrial sectors, calling for the use of dynamic input-output tables, although it was not yet possible to effectively apply them to the national economy due to the lack of statistical data⁴. The one area in which this study did not accompany the ECLA texts that had inspired it was in the reference to the next logical step, i.e. in the use of the technique of project assessment, which at that time was already at the centre of attention of the South American economists.

4 Programming techniques and instruments were also fashionable in other theoretical and doctrinal environments, namely within American academic institutions, ready to accept and acclaim the famous book by Dorfman, Samuelson and Solow (1958). The book had some impact in the mentioned Portuguese economists, which means that this was for sure an additional source to justify the importance of planning and programming techniques.

In this same period, there also appeared a number of economic texts of an applied nature — and sometimes of a programmatic nature — on the industrialisation of the Portuguese economy, in which it was possible to see the widespread influence of ECLA's analytical perspectives and theses. The 2nd Congress of Portuguese Industry, held in 1957, did in fact show this in some of the papers that were discussed, namely in the references made to the inelasticity of agricultural production, the defence of State intervention, planning and protectionism, and even in allusions to the Prebisch-Singer theorem, when it was suggested that Portugal was also affected by the historical deterioration of the "acquisitive capacity of underdeveloped countries" (Caetano and André, 1957: 15). The relevance of ECLA's contributions is undoubtedly acknowledged in the following terms:



«The study of development programmes for Asian and African countries does not prove to be particularly useful, given the difficulty to make them suitable to our context. The same can not be said as refers to the study of programmes undertaken in some American countries, namely in Argentina, Brazil and Mexico, where, notwithstanding the presence of different natural conditions, one can find close similarities with regard to the stage of evolution and the nature of human development. Therefore, the programming techniques put forward by the ECLA in the United Nations, under the supervision of Prebisch, might be extremely useful for us» (Pintado, 1958: 12).

Taken as a whole, the above-mentioned studies showed a number of characteristics that ought to be stressed here.

Firstly, they were particularly interested in instrumental aspects, as was the case with the references to programming techniques, or else they actually amounted to applied studies on the Portuguese economy, seeking to recognise its state of evolution and to compare it with other national economies. By doing this, albeit in a partial manner and suffering the effects of the shortage and unreliability of available statistical data, they nonetheless allowed for a significant improvement in the instruments of diagnosis.

The structuralist approach was not, however, without certain limitations. Amongst these, it should be stressed that it never went much beyond an empirical and descriptive assessment of the main productive structures, without paying much attention to the explanation of the social, political and historical causes of the underdevelopment diagnosed, and thereby limiting the scope of the discussion of the ways in which this might be overcome. It did, however, contribute to the formation of a critical attitude towards the mainstream Keynesian and neoclassical economic theory. In stressing the specificities of Portuguese underdevelopment, it proved possible to introduce some innovative and typically structuralist concepts (that of structural heterogeneity, for example), which were able to coexist with the language conventionally used to describe advanced capitalist economies.

It was therefore not by mere chance that the claim was made that "the Keynesian analytical tools will be unquestionably useful, although it will be necessary to review the functional relationships established between these tools [because] there are some fairly important differences between an underdeveloped economy and a developed economy" (Pereira, 1954: 2-3). At the same time, other authors expressed reservations about the theoretical and practical significance of certain tenets of neoclassical thought, particularly when it was said that "the classical schemes of pure competitive markets and monopolies [...] lack any operational meaning" (Moura, Pinto and Nunes, 1954: 167).

It should not be concluded from this that there was a renunciation of the analytical tools originating from these currents of thought (such as the income elasticity of demand, the capital-product ratio, the multiplier, input-output table, etc.) but only that these tools were now partially reformulated, being combined with the actual data provided by structural analysis and referred to the specific contexts of underdeveloped countries.



4. Later developments of structuralism

During the 1960s and until the mid-1970s, structuralist thought continued to spread and influence the interpretation of the Portuguese reality. Some texts were published that were representative of this current of thought, namely those written by Celso Furtado (Furtado, 1969; 1971; 1976). In one of the most influential economic texts ever published in Portugal, Pereira de Moura continued to promote some structuralist ideas, not only about planning but also as an explanation for the inflation that was then beginning to be felt in the country: “to speak of tension between expenditure and productive capacity is to encourage sectoral analysis, and not only an analysis of the economy as a whole. The pressure of demand on the capacity of the agricultural sector may be becoming excessive, thereby raising prices in that sector” (Moura, 1970: 162).

Around the same period, Alfredo de Sousa, an economist who had worked with Celso Furtado for some years, when the latter was exiled in Paris, and who adopted the ideas of structuralism for a while, reflected upon the definition of a development policy for Portugal, based on the high level noted in the concentration of capital and economic power and their respective effects on income distribution, the demand schedule and technological progress. His reflection gave rise to a paper that attempted to stress not only “the pernicious effects on the country’s long-term development” arising from the “extremely unbalanced distribution of both functional and personal national income” (Sousa, 1969: 404-5), but also the “risks of denationalisation” (*idem*: 415) arising from the increasing openness of the Portuguese economy to other countries. It also resulted in another text written in collaboration with Celso Furtado, in which the question of the problematics of income distribution was returned to once again in abstract terms, in an analytical process that showed itself to be closely linked to the neo-Keynesian economic theory of relative wage determination (Furtado and Sousa, 1969).

From the mid-1970s onwards, structuralism began to decline to some extent in the international panorama of economic thought. French structuralism had already clearly lost some of its vigorousness as a research programme and the Latin American version experienced a shift in the focus of analysis from long-period issues “to short-period problems and policies” (Lustig, 1988: 47) and a growing “integration of the sociological-anthropological theory of modernization with the essentially economic focus that had characterized ECLA in its early stages” (Sonntag, Contreras and Biardeau, 2001: 232).

An identical decline was to be seen in Portugal, especially with the transformations that took place in the mid-1970s, a time when the theoretical frames of reference of Portuguese economists were to be subjected to sudden shocks, causing doctrinal sympathies to oscillate between Marxism in the initial revolutionary period (1974 and 1975) and the monetarist inspiration of the years of stabilisation (especially after 1978). Gradually, in continuation of a process that had already been initiated before the Revolution in 1974, the Portuguese economy entered into a new phase characterised by a more rapid growth guided by a policy of greater openness to the outside world and participation in the movement towards European integration. By the 1980s and 1990s, with full integration in the European Union, and with the acceptance of the undertakings arising from the Maastricht Treaty, Portugal had lost its characteristics of a national economy, progressively dissolving into the western European space, which profoundly altered the nature of its structural and short-term problems and the conditions under which its policies were defined. Or, in other words, it became even further removed from the problematics of most peripheral economies, and in particular the Latin American ones. Consequently, the central questions of these economies as highlighted by the structuralist vision — secular deterioration of the terms of trade, persistent external disequilibrium and structural unemployment — lose their relevance or, at least, do not have the same impact, when analysed in the Portuguese context. The problematics of core-periphery, or of core-semiperiphery-periphery, only merits some attention in the treatment of regional inequalities in the integrated European space.

Despite the progressive and natural disappearance of the structural approach, it is curious to note that, at the beginning of the 1980s, the assessment of the adjustment policies



recommended by the IMF once again involved a theoretical stance that was based on this particular framework, albeit episodically. This was the case with two articles that, by relating economic problems to the social and political environment, sought to analyse the conditioning factors and “the structural impact of the so-called stabilisation policies” (Mateus, 1981: 319) or to explain “how stabilisation policies as considered up to now cannot overcome the main problem of a peripheral and not yet developed economy” (Silva, 1982: 17). In both cases, there are clearly perceptible echoes of the neostructuralism developed by Latin American economists from the mid-1970s onwards. The fundamental themes that then concerned the economists who adhered to this way of thinking (namely the analysis of the mechanisms that generated and propagated inflation and the design of economic policy packages that were likely to generate stability by minimising social costs and the destruction of the productive apparatus) were also central themes in the thinking of the Portuguese economists already mentioned. Nevertheless, there was no clear adherence to one of the most important elements of Prebisch’s agenda during the last phase of his work, namely the emphasis on the process of formation, appropriation and social use and distribution of the economic surplus (cf. Prebisch, 1978).

After this, the problematics of structuralism was only returned to from positions that were already clearly far removed from the initial structuralist canon. A regular collaborator of one of the main instruments involved in the dissemination of neo-structuralism — the review *Pensamiento Iberoamericano* — sought to demonstrate how inadequate the core-periphery approach was as an “acceptable representation of the world economy” applicable to the study of the Portuguese economy and, in keeping with the suggestion made by Prebisch himself, developed the analytical potential of the concept of semi-periphery (Mateus, 1987). In another work, there was an extensive and detailed exposition of Latin American structuralist thought, concluding that it was inadequate as a guideline for a genuine development process and, as an alternative, propounding the potentialities of a socialist model of development (Nunes, 1988).

From the late 1980s onwards, references to structuralism practically disappeared from the economic research being undertaken in Portugal. Occasional references to structuralist ideas only appeared in theoretical and methodological contexts that were distinct from those mentioned so far, with some studies, in keeping with Edmund Phelps’ research into more developed capitalist economies, seeking to identify the non-monetary mechanisms for the transmission of shocks affecting the unemployment rate of the Portuguese economy, through the use of econometric models (Sousa, 1999).

Anyway, the main components of Portuguese structuralism as discussed above can be presented in the following necessarily simplified form:

Economic Theory	Economic Policy
Main concepts and analytical tools	
Structure	Deliberate guidance of
Structural heterogeneity	industrialisation process
Semi-periphery	Global and sectoral
Underdevelopment	programming
Industrialisation	Import substitution
Bottleneck	Stabilisation
Capital scarcity	
Commercial dependence	
Relative wages	
Economic surplus	
Static input-output table	
Terms of trade	
Income elasticity of demand	
Capacity to import	



5. The spread of structuralism at the Portuguese universities

It is worth taking the trouble to accompany the process whereby developmentalist ideas were introduced into Portuguese universities and took root there, since what happened in these institutions had a direct effect on the application of such ideas to the study of the economic and social reality.

A first reference that should be noted is the direct influence of the French structuralist school, which reached the Faculty of Law of Coimbra University through the work of François Perroux, and the impact of the presentation that he made of an overall approach to both economic structures and systems (Perroux, 1936). Very little of this process spread into the teaching administered by Teixeira Ribeiro at the same Faculty in the following decades (Ribeiro, 1959: 136 and foll.) and there was no influence noted in the teaching administered by Costa Leite, at the Faculty of Law of Lisbon University, although his lessons already contained one chapter that was devoted to development economics (Leite, 1963, vol. 1: 407 and foll.).

The influence of structuralist ideas, particularly the ideas that are identified with those authors whose work was centred around Prebisch and ECLA, only began to be felt in Economics Faculties after the introduction of development economics as a subject from the mid-1950s onwards. Although the first Portuguese lessons published on these matters did not contain any direct mention of structuralist theories (Nunes, 1964-5), some of the international textbooks most in fashion at that time (namely those written by Higgins, 1959, and Hirschman, 1958), which already included references to Prebisch's work and various papers produced under the auspices of ECLA, were recurrently used as relevant bibliographical support in these same courses of development economics throughout the 1960s.

It should be noted, however, that these influences could not be fully spelled out, given the heterodox nature of some of Prebisch's positions that could not be accepted by the political totalitarian regime. A certain distance that was kept could also be explained by the fact that there have never been Portuguese economists working closely under the patronage of ECLA, nor had the economists with close links to this organisation the occasion to visit or stay in Portuguese universities. In brief, there were no enduring institutional connections and the transfer of ideas was chiefly through textual sources.

From the beginning of the 1970s onwards, references to structuralism became more frequent, more extensive and more explicit. Special emphasis should be given here to the exposition of a structuralist model, largely based on texts written by Celso Furtado (Furtado, 1971), which had the peculiarity of resorting for the very first time to a certain mathematical and diagrammatic formalism and of later being continued in the presentation of some of the instruments used in the formulation of economic policy (Sousa, 1971-2: 289 and foll.).

This tradition of university teaching lasted throughout the 1980s, namely through the publication of readings of development economics for undergraduate students, in which the presence of texts by structuralist authors, such as François Perroux, Raul Prebisch, and Albert Hirschman, was fairly significant (Figueiredo and Costa, 1982-6). But the most significant moment in terms of the structuralist influence on the teaching of economics in Portugal occurred when, in the mid-1980s, Michael Todaro's *Economics for a Developing World* was made the basic textbook used in the teaching of an introductory course of macroeconomics for undergraduate students at the oldest and one of the most prestigious economics schools in the country (Todaro, 1977). The man responsible for the teaching of such a course was Francisco Pereira de Moura, precisely one of the authors who, in the 1950s, had collaborated in the very first studies on the Portuguese economy to have made use of the structuralist approach. His defence of both the pedagogical and scientific merits of Todaro's book was based on the conviction that the very nature of Portuguese economic problems was much closer to the nature of underdeveloped economies than to the kind of issues under analysis in conventional American undergraduate economics textbooks. This option was also the result of a theoretical choice implying a clear preference attributed to macro-dynamics and development theories, instead of the standard presentation of

usual microeconomics ingredients. It was not a complete surprise, since the same author had meanwhile written one of the most popular and widely read introductory textbooks, which revealed a certain influence of the ideas of ECLA, namely in the final chapters devoted to the subjects of international trade and development policies (Moura, 1964: 395 and foll.).

Although the adoption of Todaro's textbook enjoyed only a short life (in fact it was only used in the course of two academic years), it was nonetheless a fact of great symbolic significance, demonstrating the anachronism of a university way of teaching that did not correspond to the dynamics of change and European integration in which the Portuguese economy now found itself inserted. The neoclassical-Keynesian synthesis, which already clearly dominated university economics teaching at that time, momentarily gave way to a textbook that centred upon the problem of underdevelopment and defined its viewpoint as being one which "is concerned with the economic and political processes necessary for effecting rapid structural and institutional transformations of entire societies in a manner that will most efficiently bring the fruits of economic progress to the broadest segments of their populations" (Todaro, 1977: 7).

Whilst also accepting different features from various economic paradigms, this textbook had evident affinities with the theoretical and political-economic perspectives of Latin American structuralism. Its use, both out of time and out of place, had the merit of testifying and paying homage to the presence of a powerful current of thought shared and cultivated by Portuguese economists from different generations, and in particular by those engaged in teaching and research at the Institute of Economics of the Technical University of Lisbon. Such experiments were to be duly noted and recognised with the award of honorary doctorates to François Perroux in 1960, Celso Furtado in 1987 and Hans Singer in 1994.

The use of Todaro's textbook had yet another merit or significance: that of demonstrating the peripheral nature of Portugal as a country importing economic ideas, in this case originating from a centre producing such ideas on the periphery of the world system. The backwardness and inertia effect in the assimilation of the developmentalist theses in the mid-1980s are proof of the reasonable level of eclecticism prevalent amongst Portuguese economists. And they also prove how the same doctrinal and intellectual framework was able to serve quite distinct purposes, depending on the period and context in which it was used: in the 1950s, Latin American structuralism represented a powerful ally that strengthened the arguments in favour of a dynamics of development considered essential for saving the Portuguese economy from the blockades imposed by the dictatorial regime of the *Estado Novo* (New State). In the 1980s, the same doctrine served as a support for those who maintained a critical stance in relation to the path being followed as a result of Portugal's integration into the European economy.

6. Conclusions

Throughout this text, we have sought to explain how the ideas on economic development that were systematised by Prebisch, Furtado and other Latin American economists connected with ECLA had an impact in Portugal during the second half of the twentieth century.

The influence of this current of thought was particularly visible and widely recognised with regard to the methodology of economic programming. In many aspects, in relation to this importation of ideas originating from Latin American economists, one should talk in particular of parallelism in terms of attitudes, concepts and methods of analysis. There is no doubt that there was evidence of a common awareness of the conditions of underdevelopment, that there was an equally common attitude of mistrust as to the self-regulating capacity of spontaneous market forces, that there was, on both sides, an attitude in favour of interventionism, and that equivalent operational notions were being adopted. But it is also true that in many other aspects there were important differences in the respective points of view.

Although they began with an examination of concrete problems, the analyses carried out by ECLA sought to formulate a global theory of peripheral capitalism, its structural configuration, its *modus operandi*, its historical roots and the different ways to overcome these, resulting in an





attempt to form a body of original theory. Such an aim was largely alien to the Portuguese economists that were most heavily influenced by structuralism, and at no time did they seek to obtain a more profound explanation for the country's underdevelopment and much less did they seek to lay claim to the foundation of a *sui generis* school of thought.

ECLA's conception of peripheral capitalism presupposed a dichotomous view of the structure of the world economy, considering it to be organised into a core and a periphery, and maintained that at the periphery there was a specific pattern of organisation displaying three main trends in the way in which it operated, namely unemployment, external disequilibrium and the secular deterioration of the terms of trade.

Such presuppositions, analysed in great detail by Prebisch and other Latin American economists, were not afforded such priority in the attention paid to them by Portuguese structuralists, who were mainly receptive to the idea of structural heterogeneity. In detriment to the exploration of the analytical potential of the concept of a periphery, or possibly a semi-periphery (which certainly represented a more appropriate approach to the case of Portugal), preference was given to the idea of backwardness, perhaps because many of the operating conditions pointed out as being typical of peripheral economies were assumed not to apply, or to be unimportant, in terms of the Portuguese economy. Unemployment was not quantified, nor was it a pressing problem (although the existence of underemployment in the primary sector was noted), just as external disequilibrium was not considered important (largely as a result of the status of a colonial power that Portugal enjoyed at that time). As far as the possible deterioration of the terms of trade was concerned, which was a fundamental element in ECLA's conception of underdevelopment and one of the founding elements behind the attempt to change the pattern of specialisation at the international level, the idea expressed in the few Portuguese studies dedicated to such a theme was that the terms of trade had been developing in favour of, and not against, the Portuguese economy, at least in the immediately preceding decades (cf. Barbosa, 1946).

Other trends, similarly regarded as being inherent in peripheral economies, were recognised in some cases, but without ever being studied in any depth or integrated into a comprehensive view of the situation. This was the case, for example, with the scanty attention given to the problematics of inequality in the distribution of income and the lack of any reflection on questions relating to technological suitability.

In the midst of a certain diversity in points of view, there was nonetheless some room left over for convergence in those matters that were more directly related with the guidance and direction of economic policy, particularly with regard to the defence of economic interventionism and the role of the State in establishing a framework for industrialisation and promoting the respective process. In this way, an axis of convergence was consolidated, having been built up on the basis of the criticism made of neoclassical orthodoxy and the respective presuppositions of an efficient allocation of resources, as well as the tendency for markets to move towards equilibrium both at a national and international level. This was basically the reason justifying the Portuguese fondness for doctrinal and theoretical concepts, which, despite being peripheral, served the purpose of breaking free from the context of stagnation in the national economy.

The support that the Latin American structuralist school could give did not have the right conditions to be taken to its ultimate consequences, bearing in mind the different nature of the problems that were to be overcome. But the illusion that this current of thought might prove a fruitful source of solutions for the structural backwardness of the Portuguese economy lived on in some university environments, which, in the end, remained victims of the practical failure of a set of ideas that, just when it was in a position to be better received and assimilated, showed itself to be inexorably outmoded.

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