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The Myth of Economic Development
By Celso Furtado
Polity Press: Cambridge, 2020. 111 pages, £14.99. Originally published in Portuguese as *O mito do desenvolvimento econômico,* 1974.

Celso Furtado was a Brazilian economist born in 1920 and was one of the most important intellectuals of his time. Nowadays, he is remembered as one of the main representatives of Latin American structuralism. Furtado worked at Economic Commission for Latin America and the Caribbean (ECLAC) alongside Raúl Prebisch, from whom he coined the center-periphery notion. On the one hand, the countries of the center are those that have a highly developed productive sector that allows them to lead the world market. On the other hand, the countries of the periphery are those that have not been able to develop an efficient productive system, so they enter the world market exporting raw materials and selling low value-added products.

The Myth of Economic Development was published for the first time in Portuguese in 1974 under the title *O mito do desenvolvimento econômico*. In 2020, the book was translated into English by Jordan B. Jones in commemoration of Furtado's 100th birthday. The Myth of Economic Development serves as a response to the Club of Rome report entitled The Limits of Growth (Meadows et al., 1972). Furtado argues that this study addressed essential issues regarding economic development that had previously been ignored by economists. For example, the report showed that the United States is increasingly dependent on natural resources from the periphery.

However, the report ignores the predatory use of these resources by developed countries. The main error of the Club of Rome study is that it assumes that the consumption trends of the United States will be adopted by the countries of the periphery as they develop. This assumption completely ignores the nature of underdevelopment (p. 58). While it is true that high-income individuals on the periphery can follow the consumption patterns of developed countries, they represent only a small minority of the population of underdeveloped countries which conventional economic theory fails to appreciate.

Throughout his life, Furtado ran against neoclassical economics. According to the author, this school of thought is ahistorical by nature and is unable to understand the situation of underdeveloped countries. The conventional economic literature establishes the assumption that the development strategy applied by the countries of the center during the industrial revolution can be replicated by the underdeveloped economies (p. 2).

Furtado takes up the thesis of Prebisch (2012) according to which the terms of trade of the world market disadvantage the countries of the periphery. According to Furtado, underdeveloped economies will never achieve a level of development similar to that of the countries of the center. Therefore, the economic development to which the third world aspires is a myth (p. 63). As the accumulation process evolves, the disparities between developed and underdeveloped countries widen.

While countries of the center increase their productivity through technological advances, in the periphery the production increases are usually the result of the expansion of their exports. This situation reflects the failure of the import substitution model (p. 12). On the other hand, the industrialization of the periphery is led by companies from center countries who move some of their production plants to underdeveloped countries to take advantage of cheap labor in these territories.

Furtado was also a pioneer in the financial analysis of underdevelopment. First, he identified that the issuance of debt securities in the United States facilitated the development of its financial system and the financing possibilities of US companies. In other words, the issuance of debt securities complemented the traditional forms of American corporation financing such as banking credit. Second, Furtado identified the dominant position of the dollar in the international monetary system, which would be analyzed later by other authors under the notion of the currency hierarchy (Bortz and Kaltenbrunner, 2017). Although Furtado's book was published 47 years ago, the author's views continue to be highly relevant today: the countries of the periphery have not yet been able to develop in the same way as the countries of the center.

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