

# 4th Workshop on New Developmentalism: New theory and policy for developing countries

*Political Economy of New Developmentalism*

*(developmental capitalism x liberal capitalism, the developmental state)*

## **Title**

The Economics of New Developmentalism

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## **Abstract**

Current reviews of new developmentalism from a Political Economy perspective present its novelty in terms of a paradigm shift, a comparative analysis and a historical-ideological reconstruction. This paper reviews these three, complementary approaches so as to initiate an alternative, critical review of the new developmentalist agenda taking into consideration the emergence of yet another post-structuralist theory, namely, "iconomics". The grounding of the iconomic perspective is a semiotic-sociological method inspired by the works of G.L.S. Shackle, Pierre Bourdieu and Joseph Schumpeter. Language, hysteresis and innovation are the key concepts that emerge out of this theoretical-methodological review which may lead to propositions in the field of economic policy, growth theory and political philosophy that extend the structuralist-developmental legacy. George Lennox Sharman Shackle obtained his Ph.D. from the L.S.E. in 1937, and was a professor of economics at the University of Liverpool for most of his life. A pioneering Post-Keynesian, he was among the first economists to insist on the importance of "real" uncertainty and time for economic theory, an outcome of his early work in investment and business cycle theory. We integrate his insights in order to illuminate the policy breakthroughs of macroeconomic developmentalism. Since the mid-1970s, the French sociologist Bourdieu used multiple correspondence analysis (MCA) on a regular basis in order to construct fields and social spaces. After having been long neglected, this part of his work has spurred a new interest for some years. We propose a new approach to the identification of the developmentalism field in economic policy using Bourdieu's MCA as a guiding tool. Last, but not least, Schumpeter's approach to "vision" and "analysis" is a complementary methodological reference that supports developmentalist political economy criticism of the ultraliberal, positivist and rational choice perspectives.

1. Political Economy perspective: paradigm shift, comparative analysis, historical-ideological reconstruction
2. Alternative, critical review of the new developmentalist agenda: iconomics (Shackle, Bourdieu, Schumpeter (semiotic-sociological method): language, hysteresis, innovation leading to propositions in economic policy, growth theory, political philosophy beyond structuralist-developmental legacy
3. Identification of the new developmentalism field in economic policy

Furtado chega a brincar com a ideia do missionário religioso ao comentar com Jorge Ahumada que “nós, sem o saber, constituímos uma Ordem, a dos pregadores da fé no

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Desenvolvimento. Ele riu e disse: o pior é que os jesuítas começaram a concorrer conosco e eu não sei o que vai sair de tudo isso” (FURTADO, 2014, p. 407).

In Klüger, E., Meritocracia de Laços, Tese de Doutorado, FFLCH-USP, 2017.

1. Political Economy perspective: paradigm shift, comparative analysis, historical-ideological reconstruction

The history of Brazilian economic thought is a field in the making, the political economy perspective requires a paradigm shift, intensive comparative analysis and a historical-ideological reconstruction that is interdisciplinary.

The emergence of a “new developmentalist” perspective inspires the perception, under our very sight, of what has been defined by Pierre Bourdieu as a Field, a knowledge and multiversal field, projected by the *habitus* protensed by different forms of capital, power and belief. Yet Bresser Pereira is right here, among us, inviting us to his very home, provoking, protesting and engaging himself in a sort of activism that reminds us all of his youth – the Man and the Knowledge.

From a Political Economy perspective, the new developmentalist perspective must perform a final, “iconomic” turn to actually perform as a paradigm shift based on comparative analysis and a faithful, reasonable and arguable historical-ideological reconstruction.

In other words, new developmentalism or even “developmentalism” as such must become an icon. An icon of economic science in all its multifarious expressions – an icon as strong and faithful as “equilibrium” in the neoclassical paradigm or “accumulation” in the Marxist optics.

Pierre Bourdieu is a helpful research mentor in the investigation of “developmentalism” as an icon, a piece of theoretical transcendence rooted in the existential, historical and ideological quest for the foundations of life, value and understanding.

Our main reference in the identification of “(new)developmentalism” is the evidence raised by Elisa Klüger in her PhD about the “meritocracy of ties” among Brazilian economists since the industrialization of the 20<sup>th</sup> century (we would rather translate ties as “bondages”, as in bonds and gifts in the Maussian tradition).

Klüger (2017) proceeds through with a Bourdesian mapping of correlated, corresponding ties and what could in many cases amount to the Brazilian “Jeitinho” that characterizes the asorption of theories and “schools” from Europe or the US, but there is a constant opposition between developmentalists (to the right with Delfim Netto, to the left with Theotonio dos Santos or André Gunder Frank).

It is noteworthy and actually timely to stress the "space" occupied by Bresser Pereira in Klüger's account. Bresser Pereira is clearly associated, as was Celso Furtado, to Developmentalism as an article of faith, in the Schumpeterian sense of a "vision" – a preliminary and overdetermining factor that prevails as a Kantian condition for "analysis" (see Schwartz, *Revista de Economia Política*).

Furtado and Bresser Pereira are brothers in arms: they envisage history as the Paul Klee's angel depicted by Walter Benjamin: progress is not part of the Law, there is no way to fly forward to the future but to turn the face to the accumulation of destruction and death produced by the history of the past generations.

The purpose – faith in development – is supported by an agent of change, a leading, protagonistic subject, a collective intelligence associated to the Nation, Brazil or any other collectivity in the Periphery of Space and Time in the march of history led by the dominant countries.

Kluger (2017) traces the networks and power flows among the developmentalists since the industrial emergence of São Paulo as the "locomotive" of industrial development in Brazil, in the early 30s. There is a clear clivage between Rio de Janeiro and São Paulo. The history of the Fundação Getúlio Vargas is a testimony to this astonishing work of individual and collective, generational and demographic consciousness-of-themselves period in Brazilian history as expressed from the 50s onwards. As an expression of democracy and as a result of the U.S. progressive agendas and policies, generous funding and democratic commitment.

## 2. Alternative, critical review of the new developmentalist agenda

The numerous connections among different developmentalist "families" in the US, in Latin America, in Europe or in Asia (João Paulo dos Reis Velloso was renowned for his references to the Asian "models") and the shared refusal of the neoclassical "equilibrium" models are evidence of a shared field of knowledge that only partially borders Neoclassical "equilibrium" parameters or Marxist "accumulation" issues and crises.

The identification of this knowledge field matches what we could translate as the principle of iconomics, that is, the conscious choice of a fundamental issue which promotes a meaningful perspective for a theory of value (and therefore of prices, profits and other incomes). Development is an icon and a theory.

In order to be meaningful, a theory of value must make sense not only in material terms, but in terms of the degree of consciousness that economic, political and cultural actors have of their role as representations of the very spaces, time horizons and projects held by their capitals.

In short, there must be faith in the field, faith in the effectiveness of the social, economic, cultural, symbolic and even religious capitals that organize the desires of any given society. There must be a correspondent "Zeitgeist", an "époque" as Bernard Stiegler has stressed over the years, calling attention to the exhaustion of "époque" in the age of hypermaterialism and psychopowered digital engines.

From an iconomic perspective, however, the collective faith in a source of value can change as we move through images of the future, fabricated by the development process itself.

Shackle was probably the only economist to stress the importance of such "figments". "What the decision-maker wants is access to hope", he said (G.L.S. Shackle, by P. Earl. Brice Littleboy). Figments dissolve.

The Bourdieusian approach may serve us even further, as a prelude to a semiotic-sociological method that deciphers the ultimate sustainability and perenity of the developmentalist paradigm.

In order to pass this "test" of iconicity, developmentalism must perform as language/narrative, as a sufficiently resilient concept/ideology (subject to hysteresis) and, last but not least, be instrumental in the proposition of innovative economic policies, growth theories and a political philosophy that goes beyond the historically-constrained, exhausted clichés of the structuralist-developmental legacy.

From that perspective, new developmentalism could be described as a post-structuralist development theory founded on symbolic resilience.

### 3. Identification of the new developmentalism field in economic policy

Since there is already a structuralist and a developmentalist macroeconomic theory (essays as well as textbooks), new developmentalism leads to innovations in economic policy as a field of knowledge and practice.

The emphasis on policy malfunctions with clear historical examples (positive or negative) is essential to the emergence and progression of developmentalism as a new field in economic policy. This has been the case since Gershenkron and Rostow, Furtado and Prebisch and continues to be so in the critical insistence of Bresser Pereira on the perils of the "Dutch disease".

The next step in order to become part of an economic paradigm is for developmentalism to further its perspective on the new frontiers of digital capitalism in knowledge societies, updating the developmentalist state in order to adequately integrate the information and communication value chains as well as their impact on the materiality of costs and revenues into the progressive, emancipatory horizon.