

Revisiting a North/South (dis)Encounter: The Chandler - Furtado Case

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This paper aims to contribute in a particular way to attenuate the ‘abyssal line’ drawn between North and South in the field of management studies in general, and in particular in strategic management. The main assumption held by the authors of this paper is that the world has not been flattened out by a superior force - i.e., the market - which has supposedly made the ‘visible hand’ - i.e., the manager - the only or best way to economic development in a global scale. This paper aims to contribute to a critical reflection on why theories and knowledge from the North have become dominant, at expense of others, by addressing power and political issues addressed in the South which have been overlooked by the strategic management literature. More specifically, this paper aims to demonstrate that although both Alfred Chandler and Celso Furtado have much to contribute to the field of strategy (or strategic management, if we accept the US denomination) it was only the former who has become an authority in the field, not only in the US but also in Brazil. Their main academic contributions started in the late 1950s. Despite the North-South divide at the time they shared the understanding that deliberate strategy was the right way to foster development. However, different backgrounds, origins and positions led them to quite different proposals regarding what strategy stands for and who is the strategist. Chandler reinforced the representation of the big corporation led by the managers as the main engine of US capitalism, whereas Furtado suggested that the state through planning and investments should lead Brazil out of underdevelopment. In the 1960s Chandler was taken by many as the founder of the field which would be called strategic management after he joined Harvard Business School, whereas Furtado was overlooked given his position from the South and one of the main authors on the theory of dependency. What is particularly interesting in this disencounter, given controversial episodes that followed the rise of ‘corporate capitalism’ and the thesis of ‘end of history’ in the post-Cold War period, is that for more than 40 years both Chandler and Furtado addressed development and the big corporation from quite distinct perspectives. Those perspectives led to an important disencounter due to the North-South and corresponding capitalism versus communism divides. The economic crisis of 2007 which has abated Westerners’ confidence in their system (The Economist, 2010), has shown the limits of the neo-liberal model (from the North) - based on the notions of flat world and visible hand - and that we should not take it as the only path towards development. Alternatives, strategies and knowledges from the South have proved their value and importance for a critical analysis of the conditions that fostered North-South disencounters and why promoting the Chandler-Furtado encounter at this stage might help in the construction of a better world (or better worlds, in plural) through strategic management (or “strategy”).

INTRODUCTION

In 2007 the world was seriously “slapped by the invisible hand” (Gorton, 2010). Interestingly enough, regarding the global financial crisis, we still ignore what has been going on and do not know much what to do next. Together with the events of 9/11 and the global financial crisis that started in 2007 became a crucial challenge for the desirability and viability of globalization (Rodrik, 2011); accordingly this has become an important challenge to management studies in general and to strategic management studies in particular.

The Anglo-American business media claims that the world is going through a very critical moment: on the one hand in developed countries the states are being called to bail out banks and corporations at the same time society is protesting against fiscal policy and pensions. On the other hand, in most developing countries, in which the state has a longstanding strong presence in the economy, growth rates have been keeping a steady pace and millions of people are getting out of the poverty line. “The immediate explanation for this asymmetry is the economic crisis, which has...shaken Westerners’ confidence in the system they built...” (The Economist, 2010).

Such Westerns’ system which has been built on the basis of free market and free enterprise managed by the “visible hand” (Chandler, 1977) has given clear signs of failure. The Enron case with the complicity of diverse management institutions (see Whittington et al., 2003) and the Lehman Brothers debacle, which triggered the global financial crisis in 2007, also with the complicity of management institutions, are sound evidences of this scenario.

In spite of such critical picture, in response, influential management journals and authors from the North argue that business and management should embrace the mission of bringing the benefits of Western capitalism throughout the world – specially the South – by taking, for instance, “the one billion poorest” out of the poverty line (e.g., Bruton, 2010; see also Brugmann and Prahalad, 2007). By ignoring the broad picture they claim that businesses and management are more efficient and effective than local states when the focus lies on innovation and economic development. Ahlstrom (2010), for instance, goes a little further by saying that corporate strategy in developing countries or regions should privilege disruptive innovations as a way to increase long term growth rates and provide better conditions for the development of the underdeveloped. It has been claimed that this is a more appropriate strategy to be applied by corporations and managers in developing countries given the purpose of raising income levels toward the level achieved by developed countries.

Those authors from the North stand for the relationship between corporate strategy and development in the post-Cold War period by overlooking not only the debates on the concept of development itself produced in other fields of knowledge (Tickner and Waever, 2009), but also the critical arguments put forward not only by authors from other fields, but also by management studies (see, for instance, Mintzberg, 2006). The authors of this paper understand that big corporations, especially from the North (but not only) should focus on the externalities they generate before embracing the extra burden of resolving the problems of development or poverty worldwide. Those problems are partially caused by big corporations themselves, as the theory of dependency suggests (Furtado, 1978; 1998). Critical authors in the US have suggested a long time ago, for instance, that the field of strategic management

studies should take externalities into consideration instead of just assuming growth and profits as measures of development (Perrow, 1991).

Furthermore the argument that business corporations should take the responsibility of lifting substantial part of the world population out of the poverty line through market-oriented strategies overlooks serious international divides, as pointed out by the international studies literature produced in the North (Leffler and Legro, 2008). More importantly they ignore the rise of US unilateral foreign policies after the events of 9/11. Some international authors point out that the US should give away part of its regional responsibilities in favor of new local powers, by keeping its autonomy for unilateral reaction, and a better balance of power in the international context (Layne, 2002). As the “lonely superpower”, key scholars in the US, claim the leaders of the country “should abandon the benign-hegemon illusion that a natural congruity exists between their interests and values and those of the rest of the world. It does not” (Huntington, 1999: 48).

The fall of the Berlin Wall has not led to the end of history despite the global reach achieved by the corresponding claims put forward by Francis Fukuyama in the early 1990s (Fukuyama, 1989). It is very likely that those claims have been accepted without critique by the field of strategic management and this picture explains why strategic management has embraced development in recent years (e.g. Ahlstrom, 2010; Bruton, 2010). Authors from the South have argued that the knowledge(s) that have been oppressed during the years that Western civilization was supposed to educate the whole world now demand to be heard (see Ibarra-Colado et al, 2010). Other forms of capitalism are possible and other forms of knowledge(s) should be recognized and fostered, in spite of what the contemporaneous strategic management literature from the North preaches. Compelling evidences show us that the world (singular) has not been flattened out by a superior force - i.e., market - which requires the ‘visible hand’ - i.e., manager - as the only and best way to development. Some critical authors claim that contemporaneous evidence show that the dominant recipe and the corresponding discourses should be challenged by other possibilities of development. In this respect knowledges (in plural) and voices from the South which have become unknown and unheard should be welcomed not only by the North but by also by the South itself (see Boaventura Santos ; Escobar, 2004).

The mainstream literature frames those claims in a very particular fashion. “Go east, young man”, *The Economist* (2010) argues, seems to be the mantra for the 21st century. Interestingly enough, this is the call the Academy of Management, the largest and most traditional conference in management, has made for the meeting in 2011 at San Antonio, Texas. Going East, and South, could be informed by a genuine desire to discover and learn knowledge(s) and practices developed for centuries in those regions that made them stronger at the beginning of this new era, in order to build a better world. Extreme critical arguments, informed by postcolonial theory for instance, would obviously dispute such idea in the same fashion as US foreign policies and academic knowledge based on the idea of “clash of civilizations” (Huntington, 1999). It is not an easy job for academics in strategy to foster encounters in a world in which divides and disencounters have become dominant. In this respect the authors of this paper argue that the field of strategic management would be in a better position to fulfill the needs of the worlds (in plural) if those knowledge(s) and practices, and in particular Furtado’s work, had not been dismissed by Chandler and other proponents of managerial capitalism who followed his seminal work.

In the next section we analyze the problems pointed out by various authors in the strategic management literature. In the third part, we explore through the academic work of Chandler and Furtado which encounters we might promote in spite of the North-South divides.

A critical analysis of strategic management

The field of strategic management positioned itself, with the support of influential institutions in the US, as the most important field within management studies as of the mid 1960s. A number of issues help explain this phenomenon, in particular the engagement of the field with economics and the dismissal of other fields of knowledge, notably political science, which did not have the necessary status in the US at the time to enable the construction of the reputation of strategy in such short period of time. A critical analysis of this process and main implications of this phenomenon have been addressed by critical authors (see, for instance, Knights and Morgan, 1991; Alvesson et al., 2003) but their work has been mostly overlooked by the specialized literature.

The most important question, given the purpose of this paper, is to understand why this disciplinarian status built in the US has been accepted worldwide (both North and South) so easily. The context in which knowledge is produced and legitimized, as pointed out by the postcolonial literature (Prasad, 2003) and critical authors on globalization informed by North-South issues (Sousa Santos and Meneses, 2010) has an important part in the understanding of why a particular type of knowledge, at expense of others, are deemed to become dominant worldwide.

As a powerful field of knowledge strategic management brings consequences that moves far beyond the more restrict academic context in which knowledge is produced and disciplines are taught. This power has enlarged considerably in the post-Cold War as a result of the compression of time-space and issues and the dominant assumption that the world would converge around the market-based governance undertaken in the US and projected worldwide through the so-called Washington Consensus. Critical analysts point out that strategy discourses have the power of shaping subjectivities and claim that “strategy is not the innocent concept that its current populist usage in sociology or anywhere else suggests.” (Knights and Morgan, 1990: 475). The historical context in which strategic management was constructed and then became the synonymous to “strategy” worldwide within management studies benefited from what we can call the “free way” to such trajectory.

It is arguable that after World War II the world was marked by the formation of two modern empires – namely the United States and the Soviet Union – and, correspondingly, the rise of bipolarism in the international context. The world was divided into two nuclear-armed empires which have the power to disseminate worldwide a particular ideological divide. The arrival of the post-Cold War period led many in the US to understand that history had found an end, as we got into a globalized world, supposedly without borders and ruled by multipolar mechanisms based on market forces which required from all ‘good management’. Nevertheless the “lonely superpower” (Huntington, 1999) has never taken neither multipolarism nor the “free market” for granted, as illustrated by the rise of the strong assumption on the clash of civilizations within the realm of US foreign policies over the 1990s.

It is particularly interesting to notice that the postcolonial literature and the globalization studies literature informed by North-South issues have experienced a rise in such new world marked by the end of history and the absence of asymmetries and divides. Different authors have extensively showed that discourses are embedded into higher-order interests and political forces, at both international and national levels, which inform the asymmetrical travel of academic knowledge from ‘developed’ or ‘modern’ contexts toward ‘developing’ or ‘pre-modern’ ones (Westwood and Jack, 2007; Ibarra-Colorado, 2006). In this respect the post-Cold War period is not much different from the Cold War period despite the end of history thesis (see Quijano, 2000). For a number of reasons, which will not be addressed in this paper due to space limitations, this type of critical analysis has been rather timid within management studies (as an exception, see Cooke, 2010); nevertheless it is worthy interesting to notice the increasing interest of authors from different parts of the world with the political feature of management knowledge in recent years. A major issue is that the literature of strategic management, with its greater emphasis on functionalism and economicism and the systematic overlooking of non-economic issues and debates, has been successful in avoiding those issues which explain its state of underdevelopment and the denial of other possibilities (see for instance Baum and Lampel, 2010).

The international studies literature points out that the US took for itself the mission of providing the good example, to be followed by the rest of the world, after the Second World War. A major issue within the realms of US foreign policies and academic world was to avoid the diffusion of the Soviet Empire. This mission required the construction of a unified nation, with a strong capitalistic system, with no space for communism or adversarial discourses (Cooke et al, 2005). In the Cold War period the reinforcement of the US hegemony became a priority for the US and other countries engaged with capitalism; in the post-Cold War period the US hegemony was taken as a mission to be continued in the US and elsewhere as the arrival of a multipolar world was interpreted as a path to an inevitable clash of civilizations would not only erode the US position but also lead to a multipolar context of wars (see Huntington, 1999). Despite all the difficulties one faces to define the context in historical analysis, it is arguable that this international context constitutes the context in which strategic management has been constructed in the US and disseminated worldwide. As pointed out by other authors the dominant epistemology results of political, economical and military interventions, from the colonialism to the modern capitalism, suppressing non-occidental and non-Christian cultures (Sousa Santos and Meneses, 2010).

However, if it is about a superior and universal discipline, valid in a global scale, why should we overlook political and global issues that are important not only to understand the forces that inform the diffusion and legitimate this knowledge at expense of others, but also the contemporaneous constraints to the construction of a relevant field of knowledge? By embracing economics in order to provide its academic legitimacy and debunking political and state-centered ideas associated to communism in the Cold War period the field of strategic management has overlooked politics, geography and history. By embracing free-market and free-enterprise concepts and ideas in the Cold War period as an antidote to communism and by overlooking political debates on globalization in the post-Cold War period to tackle the rise of a multipolar world, debates undertaken in the fields of international and globalization studies have been dismissed at large. These relations take place not only between governments, transnational companies, supranational agencies and social agents but also with the academic setting (see Faria et al., 2010). These issues are obviously of central importance to the reframing of strategic management from the perspective of the South.

Escobar (2004) has suggested the idea of coloniality as a phenomenon “constitutive of modernity” that has begun with the conquest of America, but that has overlapped until today by the supremacy of being, knowledge and power exercised by the American empire. The modernity is described by Escobar (2004) as a European phenomenon, especially connected with Reformation, the Enlightenment and the French Revolution, that have been constantly universalized. The problem is, according to Escobar, that “modernity’s ability to provide solutions to modern problem has been increasingly compromised” (2004: 209). Boaventura de Souza Santos (2010) defines modern occidental thinking as abyssal. That means an episteme that draws a line which limits the existing knowledge. Beyond that line there is no knowledge.

The idea of modernity implies the coloniality of ideas and imposition of a global model that doesn’t necessarily fit all worlds. In a similar fashion to how the theory of dependency was conceived, the idea of third world is portrayed by Escobar as another constitutive framework of modernity. That’s why Santos (apud Escobar, 2004) raises the idea of moving beyond the modernity by a “non-Eurocentric” dialogue marked by an academic commitment with epistemic pluralism. Escobar and Santos believe that the idea of Third World must be abandoned and the emancipation must be de-Westernised, but those important claims from the South have not been explored by the strategic management literature.

From a more extreme understanding of coloniality there would be no room for an encounter between Chandler’s and Furtado’s work. American discourses are expected to be disseminated throughout the world as universal concepts and encounters as the one envisaged in this paper are deemed not to be promoted.

Chandler and Furtado: 50 years of North-South (dis)encounters

Alfred DuPont Chandler Jr. has been granted the title of “father of strategic management” for his influence over generations of scholars in many countries. As a professional historian, Chandler offered to the field of management a particular perspective on the role of big American corporations and managers for economic development. Unlike most historians at the time, Chandler stated that “the major innovation in the American economy between the 1880’s and the turn of the century was the creation of the great corporations in American industry.” (Chandler, 1959: 31). Using historical methodology and comparative studies of different companies and industry sectors was an innovation introduced by Chandler. He has certainly described in a novel way the context in which the big American corporations have thrived.

The postwar period, with the recognition of the US as the winner nation, responsible for the successful outcome against the axis powers and communism, brought the necessity of an ideological unification in the US. The field of management was both constrained and enabled by such atmosphere. It is arguable that the work of Chandler has benefited from that particular international context.

The importance of Chandler’s work can’t be neglected when we consider the consolidation of strategic management as a research field in business studies. However, his work has been criticized in the last years for its deterministic character and for the omission of important

aspects such as power relations, politics, social and cultural aspects, labor and for his reduced perception of the social impacts of the industrialization process (McGraw, 1987).

Celso Furtado was born in one of the poorest regions in Brazil and completed his doctoral studies in a devastated Paris in 1948, after serving one year as a military officer in the II World War. Alfred Chandler, member of the DuPont family, also served for the Allies for a period of five years then returned to the US where he got his doctoral degree in 1952. Chandler was born in 1918, two years before Furtado, and he over lived Furtado by three years passing away in 2007.

Their main academic contributions started in the late 1950s. They shared the understanding that deliberate strategy was the right way to achieve development. However, different backgrounds, origins and positions led those authors to very different proposals regarding what strategy stands for. Chandler praised the big corporation led by the managers as the motor of the American capitalism, whereas Furtado suggested that the State through planning and investment should be the main agent to lead Brazil out of underdevelopment.

Furtado witnessed the effectiveness of government planning in the reconstruction of France and Europe after the war. Chandler experienced for five years in the US Navy the power of government planning and commitment. However, the latter preferred to understand this as the efficiency of a large enterprise in action, like the US railroads he studied in the documents inherited from his great-grandfather Henry Varnun Poor, on which he wrote a series of articles, a dissertation and a book (McCraw, 1987).

In the 1960s Chandler was taken by many as the founder of the field that would be called of strategic management after joining Harvard Business School, whereas Furtado became known as one of the authors of the dependency theory. What is particularly interesting, given the rise of ‘corporate capitalism’ in the post-Cold War period, is that for more than 40 years both authors were interested in the “big corporation” from very different perspectives.

From Furtado’s perspective the expansion of the same firms praised by Chandler was hindering the potential of development of societies in Latin America (Furtado, 1966a): “the great U.S. corporation seems to be as inadequate an instrument for dealing with Latin American problems as is a powerful mechanized army faced with guerrilla warfare” (Furtado, 1966b: 384).

Critical management authors challenge the universalism of theories and knowledge from the North. In 1949 when Furtado joined ECLAC (Economic Commission for Latin-America and the Caribbean), Raul Prebisch, who one year later would become his boss and main responsible for ECLAC, launched the “Latin-American manifesto”, in which he calls the young economists of the continent to get free from the “false sense of universalism existing in the theory used in the developed countries” (Prebisch, 1949: 17). Furtado immediately realized the importance of this proposal and made himself a translation to Portuguese which circulated in Brazil even before it became an official document in the United Nations (UN). Later in his article of 1954 “Formação de Capital e Desenvolvimento Econômico” (Capital Formation and Economic Development) and his book “Desenvolvimento e Subdesenvolvimento” (Development and Underdevelopment, 1961) he will make a strong

statement against the false universality of the theory that says that “the manager is a phenomenon of all social organizations, from the socialist to the tribal” (apud Cano, 2004: 5).

In the early 1950's Brazil became a fertile ground for the discussion and experimentation on the theme of development (Mallorquin, 2007). President Vargas (1950-54), who was in favor of State led development, was back in power (previously from 1930-45). ECLAC was saved by his direct intervention when its three year provisional term was due to end in 1951 and the US made a campaign to merge it with the Organization of American States (Furtado, 1974). In face of the spread of ECLAC's structuralism ideas in Latin America, the orthodox development stream reacted by organizing seminars in Rio which took place at FGV think tank (Fundação Getulio Vargas). Samuel Viner, who was one of the first American thinkers to come in 1950, stated that the ideas proposed by Presbisch/ECLAC lacked fundamentals (Mata, 2005). He was followed by Nurkse in 1951 with whom Furtado started a documented debate which led to Furtado's first publication in English: “Capital Formation and Economic Development” (1955). In this paper he will demonstrate that a theory elaborated in the North is not necessary immediately applicable in the South. As Gunder Frank (2000) would later propose, first it is necessary to dig out economic and social history before formulating a development strategy that would benefit the poor countries (South).

The evolution of strategic management could have been different if the North had come all this way South in order to embrace such new theory. The process of getting in touch with this new knowledge and the local reality might have informed theories from the North, instead of just coming down “...in order to restore the good doctrine...and clean the intellectual environment from the miasmas of ECLAC” (Furtado, 1998: 19).

At the same time in the early 1950's Chandler was pursuing his Phd degree in Harvard and he had as professor Talcott Parsons who became his greatest single influence (McCraw, 1987). Parsons concepts of evolutionary universals in society were embraced by Chandler which will delineate his views on government and organizations' roles in development. Parsons (2000) will affirm that underdeveloped societies which were trying to raise productivity via government sponsored bureaucracies in detriment of decentralized market-oriented actions were due to suffer disadvantages in the long run.

Furtado and Chandler were following opposite paths in what concerns development theories and, unfortunately, there were scarce conditions for the promotion of a corresponding North-South encounter. Such disencounter has become costly to the field of strategic management. The authors of this paper argue that fostering this encounter has become necessary in the contemporaneous world.

The proposition that “development and underdevelopment are simultaneous processes: the two faces of the historical evolution of the capitalism system” (Sunkel, 1972: 520) was the basis of the structuralism approach of ECLAC and Furtado. This was a breakthrough theoretical concept from the South against the established theory from the North that claimed that underdevelopment was just a phase on the way to development that could be achieved following orthodox methods (Rostow, 2000).

Structuralism challenges the idea that the system tends to an automatic balance and maximum efficiency provided that market forces are let free to interact (“visible hand”). To the other

hand, they will differ from Keynes in which the objective of planning is the full employment, since the main objective of government strategy is to coordinate the industrialization efforts (Bielschowsky, 1996). Since mid 40's the "Keynesian revolution" in economic science had proved the possibility that state planning could help resolve the cyclical nature of capitalism (Mallorquin, 2006).

In 1959 the troops of Fidel Castro and Che Guevara conquered Cuba and spread the threat of communism expansion all over Third World. This was the very same year that Furtado launched "Formação Econômica do Brasil" (Brazilian Economic Formation), which became his chef-d'oeuvre. Furtado developed an original interdisciplinary approach with intense use of history, which we can say is similar to the methodology utilized by Chandler. Through the structuralism lenses provided by ECLAC at the time Furtado explained the economic underdevelopment of Brazil. Chandler, after a series of articles in *Business History Review*, published in the same year of 1959 the influential article "The Beginnings of 'Big Business' in American Industry". This article became the basis of "Strategy and Structure" launched in 1962.

In this influential book Chandler showed that big corporations run by professional managers explained the superior performance of US capitalism. On its turn Furtado proposed state planning and investment as a way out of underdevelopment, which was mainly caused by the big corporations praised by Chandler in the US. Already in the article of 1959 Chandler made clear that the discussion of the role of government was beyond the scope of his work. Apparently, what was just beyond the scope of that particular article became a practice all along his fertile academic production. That led one of his biographers to affirm that Chandler realized the weakness of the argument that the state had only a small contribution in the construction of industrial capitalism (McCraw, 1987).

Unlike Chandler, Furtado put his own theory in practice: one might argue that he anticipated the claims for strategy as practice, as put forward by Whittington (2004). Furtado along his life has moved smoothly from academic life, work in supranational organizations (United Nations and its agencies) and important roles in different governments. Francisco Oliveira, a sociologist and friend who took part in the creation of SUDENE (Brazilian North-East Development Agency), will affirm that Furtado in this process was geared by Karl Mannheim's concept of knowledge and reality interaction (speech in Furtado's biographic film "O longo amanhecer"; Mariani, 2004).

The first work of Furtado which had a direct influence in a government strategy was a joint study of ECLAC and BNDE (Brazilian Economic Development Bank) which he headed and formed the basis of "Plano de Metas", the five-year government plan followed by Brazilian President Juscelino Kubistchek (JK, 1956-60). Furtado would be invited by JK in 1958 to become the first responsible for SUDENE, a government regional development agency which was designed by Furtado himself. This agency, for the first time in history, used planning strategies to tackle regional imbalances within a country. Later he would be appointed as the first Brazilian Ministry of Planning under the administration of President João Goulart (1961-64), whose government was taken by analysts as left wing and dangerous to the position of capitalism within Latin America. In the 1980's and 1990's Furtado served as Ministry in different governments and as Ambassador in the European Community.

The same state planning strategy was carried out by the Second World, The Soviet Union. In the early 60's the Cold War became fiercer and the reflexes in Latin America were clear. Even if Furtado in 'Foreign Affairs' stated that "...rapid economic development of socialist countries was achieved only at the price of restricting civil liberties...beyond the limits which we would consider tolerable" (1963: 530), it is clear which management theory was imposed in Brazil. In 1964 after the military coup, Furtado had his political rights taken out and he was banned from the country. It was the begging of his long period in exile that would only definitively end in the early 1980's.

In September 1964 Furtado becomes the director of the development center at Yale University, which was the first of his many international academic assignments he would enjoy for the following 40 years both in the US and Europe. In Yale he became a colleague professor of Stephen Hymer with whom he shared a close intellectual contact. Furtado recognized that Hymer was important in waking his interest in the big company as the structuring agent of capitalism (Furtado, 1974).

It is possible that the influence of Hymer has contributed to the approach Furtado directs to the big company, which is very different from Chandler's view. The latter comes out in 1977 with "The visible hand" in which he praises the work of the managers and the important role of big businesses in increasing wealth. Furtado will publish "O mito do desenvolvimento" (The myth of development) in 1974 and "Criatividade e dependência" (Creativity and Dependency) in 1978 in which he denounces the exploitation that the same big businesses exert in developing countries.

The non existence of internal social forces that could neutralize the power of the multinationals is in Furtado's view the reason why they seek the Third World's markets. This process generates a concentration of income which brings benefits to the origin countries of the multinationals. Another consequence is the decrease of the coordinating efficiency of the host States (Furtado, 1978).

Though both Chandler and Furtado agree that one of the main characteristics of this new development agent, the multinational corporation, is the professional management, they frontally disagree on its consequences: for Chandler (1977) the managers substitute the market on the optimal allocation of resources to the benefit of societies, whereas for Furtado (1974; 1978) this leads to an enormous concentration of power that will foster the creation of the first international oligopolies.

These oligopolies create barriers to the entry of new competitors, they coordinate prices of certain products, thus becoming a powerful instrument of economic expansion through diversification and gains of scale. These international oligopolies coordinate with the monetary system and with supranational and national agencies, both at home and host markets, in order to increase its power. The change in the global political superstructure is arranged as well to the benefit of the big companies. Furtado concludes that the relation of the big companies with governments becomes a relation of power and that their ideological behavior is absolutely not neutral (Furtado, 1974).

Contrary to Furtado's view, we might recall that Chandler affirmed that "nor is there any evidence that the creators of the different mergers were arranging with one another to set

over-all price and production schedules” (1959: 22). Furtado (1966a) suggested that the monopolies and oligopolies formed during the phase of imports substitution in Latin America tried to defend their positions in the subsequent phase of industrialization.

Furtado when describing the way in which the big companies coordinate internationally calls attention to the fact that their managers’ scope goes beyond the national one and that “a sentiment of belonging to an international class emerges...that sentiment might evolve to a generalized attitude of the superior layers of the capitalist class “ (1974: 57). This description places Furtado very close to what Sklair (2002) later describes as the “transnational capitalist class” (TCC). Sklair (2002) uses the examples of the food and tobacco industries to illustrate how the TCC manipulates the international markets and institutions to defend their own interests to the detriment of Society.

Furtado describes the international environment as very complex and that the big companies under these circumstances will have to conform to under optimal solutions, even having access to all information. In spite of that, some of them reach an extraordinary success, which Furtado affirms that “some chronicles of the profession will credit to the intuition of extraordinary man, which is just a repetition of the history of politics” (1974: 53). We have no evidence to affirm that Furtado would include Chandler’s ones amongst those chronics.

When Furtado is condemning the “process of irreversible degradation of the physical world” (1974: 17) we may say that he is following a similar line of thought as what Perrow (1991) considers externalities. McCraw appoints one of the main criticisms to Chandler’s work as his “relative de-emphasis on the human impact of industrialization” (1987: 174).

“The myth of development” (1974) in Furtado’s view is the fact that the world did not have enough resources to spread the wealth of the developed countries (North) to the other parts of the world (South). Hence, the linear process from underdevelopment towards development as defended by the orthodox stream (Rostow, 2000) was a fallacy. This theme seems updated, in accordance with Krugman’s (2010) comments on the recent rally on commodity prices. In Krugman’s view, higher prices are being caused by additional demand of the developing nations, leading to his title for the article “The finite world”, which is close in meaning to Furtado’s one.

Furtado died in 2004 after a movement by his peers nominated him to the Economics Nobel prize in 2003 in recognition to his theoretical contributions. A few months before passing away, he made a testimony to his biographic film in which he shows that he was still intrigued by his original research questions: “Why this specificity about Brazil? Why Brazil is different”? (Mariani, 2004).

One year after Furtado passing away, Chandler, still active at the heights of his 88 years, co-edits with Bruce Mazlish “Leviathans” (2005), which is a designation they gave to the multinationals. In their view this model has “risen from the depths of humanity’s creative power” and that it increasingly challenges the power of nation states and regional entities. We might argue that this concept is not much different from what Chandler describes in his article of 1959 that the big corporations were the main creation in American economy at the end of the XIX century. Hence, we may say that, within the 46 years that separate those academic productions, Chandler has not changed his admiration for the big companies and to what they

have delivered for the US and the world communities. However, many of the aspects appointed by Furtado, such as asymmetries of power and externalities, keep being overlooked.

We hope with this work will contribute to the enrichment of the academic debate in strategy management. Our aim is as well to generate alternatives to managers and policy makers, mainly from the South, who are exposed to the ubiquitous neo-liberal discourse.

Final considerations

Are we living now a repetition of the discussions of the early 50's on which is the best strategy towards development? The economic crisis of 2007 which has abated Westerners' confidence in their system (The Economist, 2010), has shown the limits of the neo-liberal model (from the North) and that we should not take it as the only path towards development. Alternatives, strategies and models from the South have proved their value and importance in an era of enduring disencounters in general and for the construction of a better world (or better worlds, in plural) through strategic management in particular.

In order to break the abyssal line and promote the knowledge(s) from the South, like Furtado's work, we must eschew the deterministic fallacy that globalization (from the North) is inevitable and irreversible and that it advances following its own internal dynamics (Santos, 2010). What we need is a negative universalism, which means we should agree that no theory has the infallible recipe to conceive another reality (Santos, 2008).

We should follow Escobar's concept (2004) of *mundialización*, which means pluraversality, that the world is constituted by diverse and multiple social orders. The main characteristic of the abyssal line is the impossibility of coexistence between the two sides of the line (Sousa Santos, 2010). What we propose is not an inverse abyssal line, but the dialogue between North and South ideas.

The dominating epistemology when privileging the great private company brings together the idea that the private is superior to the public (Faria and Guedes, 2007). The lessons learned from Furtado's work and the prevailing structure of many countries from the South is proving otherwise. In fact, we should question the assumption ingrained in the dominating epistemology of a confront market against state.

Carlos Mallorquin suggests that the structuralism approach together with the "old institutionalism (Veblen, Mitchell, Commons, Ayres amongst others)... would not simply be a counter-position to revive the State vis-à-vis the Market debate, but rather they would offer us the means to argue that the dichotomy itself is unfounded" (2006: 2).

Social equality through democracy and development, that is what Furtado really struggled for along his life and to which he dedicated his lavish researches and propositions (Mallorquin, 2007). State policy and strategy should be subordinated to the wealth of the population and to the reduction of poverty, not to the market forces' dictum. Social and ecological costs should always be taken into consideration (Furtado, 1998).

“The global social injustice is, in some way, connected to the global cognitive injustice” (Souza Santos, 2010: 40). There is an urgent necessity to break the hegemony of North silencing the South in protection of its own interests. It is time for multiple voices in the world in favor of social development that is not exclusive of the same dominating nations, perpetuating the injustices of modern times.

In Furtado’s own words: “the idea that the world tends to homogenize derives from the acritical acceptance of economics thesis” (1998: 74). One of the main contributions of the structuralism approach is to look for a model which should be adequate to each country, given its historical social and economic context, instead of the general unique model proposed by neo-liberalism (Bielschowsky, 1996).

Academic world also aims for plurality. The power discourses that have been reproduced in the strategic management field are responsible for a legitimacy of symbolic dimensions with no space for a critical reflection. (Knights and Morgan, 1990). The consequence is the shrinkage of the field.

In spite of what the strategic management literature preaches it is clear that other forms of capitalism are possible and that other forms of knowledge(s) should be fostered. Compelling evidences show us that the world has not been flattened out by a superior force - i.e., the market- which has supposedly made the ‘visible hand’ - i.e., the manager - the only or best way to development in a global scale. Strategic management would be in a much better position to fulfill world needs (not only in the South) if Furtado’s work were not dismissed by Chandler and other proponents of managerial capitalism who followed his seminal work.

We may conclude that Furtado’s work has been pos-abyssal even before Souza Santos crafted the term: “The pos-abyssal knowledge can be summarized as learning with the South using an epistemology from the South” (2010: 53).

Given the vast production of both authors and about them, which represented both a challenge and a limitation to this paper, future research could entertain different aspects and approaches from what we have highlighted in the present work. Promoting an encounter given the North-South divides is in itself a limitation we have faced along the work.

Future research could as well challenge one of the basis of the dependency theory which is the deterioration of the terms of trade. By this formulation which became known as the Prebisch-Singer thesis (Prebisch, 1949), the countries which exported raw materials, mainly from the South, faced a historical deterioration of prices when comparing to the import prices of manufactured products they needed (from the North). The fact is that nowadays with the higher demand from developing countries, raw materials are reaching historical record prices. Coffee, which was one of the commodities commonly used by Furtado to explain the underdevelopment in Brazil, is fetching the highest income ever to producing countries - circa USD 16,5 billion in 2010 according to International Coffee Organization (ICO). To the other hand, in what concerns manufactured products, with the shifting of production from developed North to China and other South developing countries, the world is being supplied with cheaper prices.

Thus, one might argue in favor of an “appreciation of the terms of trade” now in favor of the developing countries and discuss its implications in development strategies. This has led The World Bank (2010) and some economists to discuss whether the countries which are highly dependent on commodity exports would be subject to catching “The Dutch Disease”. The World Bank (2010) concludes that “commodity dependence” is beneficial to development, in a clear confrontation with dependency theory axiom.

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