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PEDRO SISNANDO LEITE

Forces That Will Shape Future Rural Development: The Case Of Northeastern Brazil

In Northeastern Brazil income growth, both total and per caput, has been sustained at a high level, according to international standards, over many years. The industrial sector performance, the foreign currency earnings increase and other macroeconomic indicators have shown an identical trend. However, these fine results did not fit in with the figures concerning the quality of life and social conditions under which live most of the 37 million Northeasterners, mainly the farm people. In this paper I try to put forward that what has been occurring is a misdevelopment, for the main problems of absolute poverty and income inequalities. hallmarks of the most backward Third World economies are still there unchanged. In fact, most farmland is owned by a few, farm yields are low. too many people are crowded into small holdings, general malnutrition prevails everywhere and there is a high illiteracy rate and lack of job opportunities for a great deal of regional manpower. The agrarian crisis in its turn, has created a rural-urban malfunction in favour of an out of control rural-urban migration which goes along with heavy social costs. both for rural areas and the crowded Southern metropolis. Under such conditions, job opportunities are almost impossible to build up, and economic growth impulses are severely curtailed, all of which produce social tensions of great political expression.

On account of this there is a need for the political and social powers to change course in order to promote economic, social and institutional change of structures and establish a clear definition of goals, as well as a new development style, producing more even distribution than at present in Northeast Brazil and elsewhere in the Third World.

NORTHEAST: UNBALANCED GROWTH

The economic performance of Northeast Brazil during the last 20 or 30 years brought about meaningful results, as shown by macroeconomic indexes. A US\$970 per caput yearly income was reached, compared with US\$300 in 1954. The gross internal product exceeded US\$36.8

billion in 1984, much more than the 1960 US\$8.9 billion. The economy of the Northeast by itself ranked 10–15th in the Third World as stated in World Bank papers. Northeast GIP is 14 per cent of the Brazilian total. From 1960 to 1980 NE GIP grew at a normal rate of 7.2 per cent per annum, but in the 1970s it ran at 9.7 per cent. During this decade only Iraq increased so rapidly in the whole world, faster than the advanced countries. In the 1960–80 period, the Northeast could be compared to the 7 fastest growing nations, alongside Japan, Republic of Korea, Thailand, Iraq, Rumania, Ivory Coast and Brazil. Services and industry were the economic sectors responsible for this record growth, while agriculture lagged with an annual growth rate of between 3 and 4 per cent.

Exports grew seven times in the 1960–83 period, reaching US\$1.9 billion, from an initial US\$240 million. In 1983 the electric power generation capacity of 23,117 GWh was almost 26 times greater than 20 years earlier. There are today 26,000 km of paved roads linking main cities to the most important producing zones. This is more than a 1,000 per cent increase on what existed initially. Telecommunications now. taking the country as a whole, compare favourably with the best in the world, with a myriad of AM and FM radio stations, private and public, telephone services (long distance, international, direct dialling etc.) and more than 20 colour TV channels, covering the whole Northeast territory through land relay stations and foreign and domestic satellites. The communications network is implemented and operated by a number of federal and state enterprises that benefit the Northeast enormously. The Northeast seaports and airports as well as inter-state bus terminals fully meet the population's needs. There is a network of shopping centres in the state capitals and main cities, very similar to those in the advanced countries. There are 12 public Universities and a number of private ones, besides a network of agricultural and technological research centres, mostly government operated.

THE SOCIAL DEBT

In the Brazilian Northeast, as in the underdeveloped countries during the last decades, there was no spontaneous spread within the population mass of the results of economic growth, in the way one may suppose occurred historically in the presently developed countries. There is a unanimous feeling that the Northeast piled up, during the last decades, an enormous social debt alongside the steady expansion detected by the general economic indexes.

Of Brazilian workers in an absolute state of poverty, 84 per cent lived in the Northeast, a region that comprises only 30 per cent of the country's population. The degree of personal income concentration can be seen, in a rather shocking way, when one learns that people in the 10 per cent upper income bracket used to hold 53 per cent of total income, while 50 per cent in the lower stratum work hard for a meagre 13 per cent.

Population explosion is one of various serious menaces against social

stability in the Region. Half of the job holders work in agriculture but the output per caput is very low, as shown by the 46 per cent unemployment index. In the urban areas this rate is 17 per cent.

The number of first grade enrolments became three times greater between 1960 and 1980, high school nine times greater and university 14 times; however the educational shortcomings are still very grave. The Northeast¹ is the Region where 51 per cent of the total 22 million illiterate Brazilians aged 10 years or more live. The literacy rate was 53 per cent according to some very limited criteria. The active population profile aged 10 years or more is very similar, since more than half have had no basic instruction.

Health and sanitary conditions are very precarious. The infant mortality index is 105 for 1,000 born alive. There are 6 million children under 6 years old in the low income category. Life expectancy is 50 years, while Brazil's is 62 years. Only one-fifth of the population is classed as having an adequate diet.

The proportion of private urban dwellings with sanitary equipment (sewer or septic tank) is 16 per cent, while in rural areas it is only 2 per cent. However 27 per cent of all residences have a TV set and in the urban sector this goes up to 50 per cent. Similarly, 60 per cent have radio receivers, in both rural and urban areas. There is a refrigerator in 44 per cent of city and 3 per cent of rural dwellings. Electric power reaches 76 per cent of urban and 8 per cent of rural houses. The house deficit is estimated around 2 million units. 66 per cent of children from one to five years of age suffer from the consequences of malnutrition. Bihariasis affects 4 million people. Chagas disease (trypanosomiasis) affects 3 million and 17,000 new TB cases appear yearly. Of all child deaths of 1 year and older, 23 per cent were victims of infectious diseases.

As one may conclude from the above, the endeavours to develop the Northeast did not bring about the expected results as stated in government plans for the Region. The pursuit for higher economic growth rates, such as income and foreign currency earning, and some public works and physical infrastructure succeeded; but the problems of poverty, social imbalances and economic backwardness were not overcome.

NEW BEARINGS FOR DEVELOPMENT

Adam Smith said, at the beginning of the Industrial Revolution: 'No society can be flourishing and happy if the great majority of its inhabitants are poor and miserable'.

The great social and political challenge of our days, in the Northeast, is to implement the necessary changes to countervail the imbalances of its productive system and achieve a bearable level of human dignity and decency. In fact, certain prejudices against poverty dug deep ditches of hostility against the duty of respecting man's rights to decent living conditions. Brown (1983) says: 'as unemployment increases, starving and

malnutrition spread around, pressures to change economic growth course get stronger'.

There can be no doubt that we need in the Northeast a new way leading to a greater participation of society in working out and implementing development plans, in order to guarantee a co-operative progress. José A. Mora reminds us that the tensions of all kinds stirring today in Latin-American societies, derive from the downfall of anachronic forms and systems, besides revealing a longing, sometimes in a dramatic and tumultuous way, to speed up the process of changes. On this subject Pope John Paul II explains: 'The cause of tensions are the unjust and out-of-date social and economic structures that allow a small minority to amass most of the existing goods, leaving the greater part of society poor and miserable. This has to be changed through adequate reform, based on social democracy.'

It is an outstanding fact that people no longer accept simple slogans as solutions. People know that a better life is possible for all. The evidence of this is the increasing disappointment over the Government's incapacity or delay in solving basic economic problems. In view of this, we believe that rules and principles that should guide economic development ought to establish as a goal the social and individual improvement of whole population's standards of living, including rural people. Cutting down infant mortality, dealing with illiteracy, improving elementary standards and pushing ahead cheap housing programmes, increasing production and vields in farming and improving ancillary services to farmers – all this is necessary to build up a real desirable development. As Weitz puts it (1981): 'Development is a continuous process of change that permeates all aspects of human life, manifested in social behaviour', For Streeten (1971) development also means modernisation and transformation of human beings, that is: development as goal and development as process both comprise change in basic attitudes towards life, work and social institutions.

The objectives of economic development and social well-being, ought to be based on the rails of economic growth and technological changes, with priority given to the problems of urban and rural unemployment and underemployment, along with the eradication of extreme poverty. Some vital questions are related to the success of such a project in the Northeast:

- (a) direct the economy towards a better spread of development over the territory, mainly through the rural areas where there is the greatest focus of backwardness and poverty;
- (b) modernisation and increase of farm productivity, specially yields, to avoid worsening of employment due to wrong mechanisation and destruction of shallow tropical soils;
- (c) reorientation of the industrialisation process in order to use regional resources and exploring local markets, connected with industrial complex projects funded by national concerns;
- (d) effective participation of every social segment in the economic and social development process;

- (e) revision of the production structures to give them impulse through adoption of local technology, more manpower intensive;
- (f) changing of educational styles as a way of creating a developing society's own values.

The present production policies whose top priority is to export, import replacement or supply the luxury needs of a few high-income individuals, has reached its saturation point. The economy ought now to expand by supplying the internal market of basic, essential goods. This will motivate the good use of internal opportunities and a corresponding positive chain effect of job creation and higher buying power, which stimulates the market.

These measures now suggested aim at creating economic progress in a climate of society's common interests. That is, according to integrated policies and strategies, comprising social, structural and institutional aspects. It is important to bear in mind the clear knowledge of these new bearings in relation to the now existing ones when dealing with economic policies. It is not a question of destroying present achievements but of improving on them, establishing new alliances and motivations without radicalisms that paralyse initiatives for renewal and deepen social conflicts. Even recognising that both in the capitalistic and socialist regime social and political relations do not harmonise automatically, Garaudy (1970) concedes that, for the first time in history, requirements for technical and economic development and democracy's demands have a sole direction.

It must be admitted that the changes of style and objectives of economic policies are difficult and their effective adoption is complex, for the productive process is conditioned on the social structures under which it is run. In this case, the spontaneous development process can be reduced to an economic growth for the appropriation of the social product by the working classes and does not take place properly. In fact, it is very difficult to benefit those who do not have productive goods, that is, the landless farmers, the urban unemployed, the illiterate adults or the fatherless families very common in the Northeast (Lipton and Shekow 1982).

Economic history proves, however, that economic progress is the outcome of mobilising human skill, social awareness and of a democratic and efficient government, capable of reorientating priorities for resource allocation.

STRATEGIES FOR AN INTEGRATED DEVELOPMENT

Empirical observations and academic studies demonstrate that, as has been stated, the Northeastern growth did not bring about an improvement in the quality of life for most of its population. So it is no wonder that the discussion of this problem occupies today the attention of everybody: technicians, government and communications agencies throughout the country. The priority given to social questions and new

development styles are, today, a major worry, for it is known there are many ways of overcoming economic backwardness, but few options combining well-being objectives with democracy and preservation of human rights.

I believe that the XIX International Conference of Agricultural Economists offers a timely forum to discuss this question, having in mind its main purpose of debating rural development problems in an economy under turbulence. Brazil's Northeast experience regarding these problems is a set of useful lessons at the disposal of anyone willing to understand and find solutions, in order to help millions of people, doomed to a wretched, miserable and hopeless condition.

It should be pointed out that the suggested remodelling has its foundation laid not on direct income transfer from the rich to the poor or in giving a more acceptable and human appearance to the 'status quo'. The concept maintained in this paper aims at creating economic opportunities for the less favoured in the current growth process, through effective promotion programmes of productive resources to the working class for their self-sustained development. It is a grave oversight of the orthodox doctrine when it is stated that inequality is indispensable to push development, as economic history has demonstrated. Besides that, 'To live', as Albert Tèvoèdjré says, 'does not mean simply to exist, it is also having ways and means to unfold one's own sharing in mankind'. The inequality cost is really unacceptable from the economic social and ethnic points of view. In his studies on Southeast Asia and Latin America, Gunnar Myrdal concluded that 'the growing unevenness stirs up hindrances and drawbacks against development, there being an urgent need to reverse this trend, in order to bring up equality as a condition to hasten development'. David Colman and Frederick Nixon, in their book Economic Growth. A Modern Perspective explain that nowadays a greater equality ought to be seen not only as a social goal, but 'as a means to hasten growth with development'. Thus, state these economists: 'Income redistribution should, therefore, be seen in a dynamic context one can not part it from the social political institutional complementary changes.'

The Northeast experience teaches us that economic progress is carried out successfully only in a proper environment. It is possible only if government officials, politicians, teachers, technicians, enterprise heads, businessmen, union leaders, priests etc., wish for progress and are willing to accept the consequences of eliminating social, political, and economic privileges, that today make up the uneven model of our underdeveloped society. On account of this, popular participation has a fundamental role in redirecting development objectives. It is proper to point out that Brazil's Northeast population for decades accepted poverty for most people as unavoidable and the comfort of a high standard of living fairly reserved only for a small élite. This philosophy was steadily rejected and today it is no longer admitted, even by the most humble. What there is now, is an increasingly strong desire of poor Brazilians to improve their

living conditions. More than that, among these people grows the conviction that better health, education and dwelling standards could be obtained by the poor if more adequate economic policies and political will were channelled toward this purpose. Unless political leaders start to care about the causes of poverty, confidence in the institutions will go on being eroded.

On this subject Weitz (1981) concludes: 'The rural masses pressure in poor countries are firmly getting stronger and finding political expression. Unless the people are convinced that the government is adopting well-known generally accepted and workable means to solve their basic problems, the government will be overthrown, no matter how strong it may be.'

In Brazil, the regional development strategy for decades was of high priority dedicated to the rapid expansion of agricultural production for export through great commercial enterprises, leaving without proper support the great mass of small landowners and landless farmers. On the other hand, despite social and regional income disparities, problems recognised as deserving attention, the adopted policies to alleviate poverty really consisted of concentrating public resources in fostering and promoting the great industrial enterprises with the purpose of creating urban workplaces. These policies, as they got older, revealed themselves as deeply wrong and sources of the accumulated distortions by the growth with poverty and social tensions model, implemented in the Brazilian Northeast.

The harmonious development of the underdeveloped countries will be tied in future, to social, political and economic forces which must be taken into account in order to avoid these distortions remaining.

GUIDELINES TO REDUCE RURAL POVERTY

A new balanced development style requires reorientation of the existing educational system to adapt it to the various needs of the poor. In the Northeast case the agricultural production and the land distribution problems worsened in such a way that today these are the main barrier to regional economic development. Thus, agrarian reform seems to be the best option to provide the base for the social and economic changes kept down by economic underdevelopment. Full agrarian reform, aimed at an effective institutional ownership change and modification of the unfair ownership and land-use systems, complemented by basic support services, means that land becomes, for the rural worker, the source of economic stability, well-being and assurance of freedom and dignity.

The co-operative association is the proper tool to change a poor and illiterate community into an active participant in the rural development policy. Likewise, rural industrialisation is a vital strategy to solve the critical metropolitan urbanisation problems and counterbalance social and economic instability. Expansion of small towns may also foster

balanced development and provide rural areas with the necessary markets and services and education and health-care facilities.

The building of a new equitable economic order to meet the basic needs of rural people, creating new productive jobs, depends on scientific and technological progress in order to let poor traditional farmers increase their yields. This is proved by what has happened in the Northeast. Due to the rapid population increase and the high underemployment and unemployment rates, the sole compatible solution is the creation of intermediate technology for the small agricultural and micro industrial enterprises, which bring about new jobs and make a better use of local natural resources. The family farm is the best way of promoting rural development along with more social justice and productive efficiency. The big capitalistic farm is the base of power for their owners, but does not help reduce rural poverty.

The rural-regional development model basic guideline, as put forward in this document seeks to transform agriculture and solve the social-economic problems of hinterland communities, following social justice standards in the most equitable way. This approach, Weitz (1981) explains is based on three assumptions: (1) agricultural growth is the key to rural development; (2) simultaneous incrementation of agricultural growth and industrial and service sectors; (3) emphasis on social forces as a component of the rural development process. The key to this approach is to create job opportunities within the rural areas, even in the small interior towns, which must act as social services and production support centres. Now, it is proper to remind oneself, agriculture is a part of the more comprehensive development of the total rural space, which, in its turn, is linked to the global economic development process.

This strategy of integral rural development is already being implemented in the Northeast. It seeks to attack the rural underdevelopment problem by following a multi-sectoral procedure in order to reduce rural migration toward the metropolitan cities through improvement and enlargement of services that meet local needs, and still having in mind that it is necessary to:

- (a) build up a managerial structure to co-ordinate resources and programmes of all agencies, according to global planning aimed at full development of the selected place;
- (b) mobilise human resources and improve utilisation of natural resources and facilities in the selected geographical areas; and
- (c) motivate and mobilise small communities to carry out self-help programmes and participation in setting up priorities and implementing these projects.

To conclude this paper, it must be said again that Northeastern agriculture suffers from low productivity and has unequal and anachronic production relations (between land owner and land worker). It lacks both deep changes in the institutional and social framework and in the farm organisation to adopt new technologies that allows for larger and more efficient production for the sake of farmers. Without these, says Todaro

(1982), 'Agricultural development will never start or, what is more likely, the already wide income gap between the few rich, great landlords and the masses of poverty ridden sharecroppers, small landholders and, landless workers will simply get wider'.

The 'Projeto Nordeste' already in implementation aims at changing deeply the existing rural framework in 15 years. For this purpose, it will dispose of 12 billion dollars provided by the World Bank, besides other national funds. It will bring up 6 million stable farm jobs in rural areas, plus 1.2 million in other rural and small urban nuclei activities. This programme is based on integrated rural development strategies, and seeks in its 15 years implementation to: (a) change rural areas and the forms of economic and demographic occupations in priority areas; (b) enhance food production, specially from small scale farming, already responsible for the larger portion today; (c) achieve maximum use of land and manpower; (d) foster non-farm and industrial activities in rural areas.

NOTE

¹Brazil's Northeast has a 1.6 million km² area, where 37.9 million people live (1984). It contains 20 per cent of the total Brazilian territory and 30 per cent of its inhabitants. There are only 24 countries in the world with a larger population, and 15 greater in size. In Latin America only Mexico and Argentina, besides Brazil itself, are larger territorially.

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PANEL DISCUSSION – JUAN MUÑOZ, FERENC RABAR, RUFUS ADEGBOYE, IRENE TINKER AND PARTICIPANTS FROM THE FLOOR

RAPPORTEUR: ROBERTO PASCA DI MAGLIANO

In the panel discussion on 'Forces Shaping the Future' a wide discussion developed based on the papers presented by Hayami, Olson and Leite and this was augmented by contributions from the floor.

The three papers provided important contributions to bringing into focus the characteristics of forces shaping the future in developing countries. They may be used as starting points for the analysis of government intervention and an attempt to compare these analyses was made by Ferenc Rabar who found common points in the role of government policies, even if the emphasis was different. Government intervention was a key factor in effecting forces to reduce hunger, but it may – if not properly applied – have adverse effects. In fact, as Hayami himself had suggested, state intervention in developing countries, which are affected both by a high rate of population increase and by a decline in real agricultural wages, should have to sustain small-scale industries as well as labour intensive agriculture. Therefore there are important public roles in agriculture regarding education and introduction of appropriate technologies, such as irrigation, research and extension, as well as the general provision of public goods.

Within the discussion as well as in the papers, a strong emphasis on the use of market policies emerged; for example, the overpricing of agricultural products to force agricultural development. Many speakers, however, expressed serious doubts on the efficacy of price policies to promote a better income distribution and to force new investments. Moreover Olson, Hayami and others had shown that in developing countries there were several barriers against the introduction of price policies, such as political ones (the difficulty of organising collective action and pressures to force governments to move) and economic ones (agricultural products have still some comparative advantages etc.).

Ferenc Rabar's comments also stressed that, despite the impressive agricultural growth which has taken place in the last ten years, hunger and poverty are far from being overcome. This apparent paradox depends on the wide-spread financial crisis which is occurring in developing countries.

African difficulties were pointed out by Rufus Adegboye; these related mainly to the efforts needed to increase export earnings in order to compensate for major import costs. Those countries which already had new technologies have coped with the new trade situation, but more depressed countries are producing what can be easily exported and tend to consume what they do not produce, thereby assisting both a growth in production and an increase in hunger. On the question of whether agriculture has to be exploited to stimulate development, Adegboye felt that the exploitation of agriculture has no alternative as it is often the only productive sector which is available for a surplus.

The intervention of Irene Tinker concentrated on the question of equity particularly with reference to the family situation. Some studies of African countries had shown that there was a tendency towards a feminisation of both poverty and agriculture which brought about major gaps in income distribution. These arguments were questioned by Adegboye who added that in any case data to test them were not available in many African countries.

Juan Muños emphasised the risk of making an easy generalisation of both analysis and policies for developing countries, as there are too many economic and institutional differences and he underlined the importance of inflation as a factor in increasing income discrepancies.

To the impressive and deep analysis of forces shaping the future of developing countries of both papers and panel discussion there was a wide reaction from the floor with many questions as well as specifications coming, among others, from Vanegas, Gunther, D. S. Bole and Weber.

The topics and questions included the following: the poverty trap, the difficulty of transferring production from surplus to deficit countries, the reasons for agricultural exploitation, the constraints on arranging collective actions, the hypothesised inverse relationship between the degree of protectionism and the comparative advantage.

After precise answers from the speakers, the chairman, Theodor Dams, stressed the social as well as the economic tensions which are today created by hunger. This leads to the need for more disaggregated analysis to investigate precisely the dimension of inequity and therefore the best ways to solve it case by case.

The fact that three papers were concentrated on the same item followed by a large panel discussion gave a valuable opportunity to investigate deeply the main ways to overcome poverty and hunger in developing countries.