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Poverty in Brazil stems from the patterns of land ownership that developed in the 19th century. The poorest parts of Brazil are in the northeast, where sugar plantations dominated the economy, and there was little small-scale agriculture. The wealthier parts of the nation are in the south, where family farms were the norm. The latter form of agriculture produced food crops for Brazilians, so mining was only able to develop in regions in which small-scale agriculture was common. In the US, in contrast to Brazil, artisans emerged within a society based on small-scale farming in New England, and industry then developed from the workshops of artisans. The landlord class in Brazil, which lived on sugar exports and imported most other goods, stifled efforts to establish protective tariffs, which would have helped industry develop. The plantation owners in the southeastern US also sought to block such tariffs, but after the US Civil War the northern industrialists established high tariffs, enabling the US to industrialize. Brazil still needs agrarian reform. However, since few Brazilians are now interested in farming, agrarian reform would not help as much as it would have in the 19th century.



Widespread Poverty or Prosperity Tied to Land System

To understand the cause of poverty, we have to understand its origins. In Brazil, the states with the highest levels of poverty began with large plantations. The regions with the lowest levels of poverty—Rio Grande do Sul,

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southwestern Paraná, and Santa Catarina—were based on family farming. That demonstrates that the poverty problem is more related to the form or process of land appropriation than to any other factor, historically speaking. Poverty in Brazil today originated in the 19th century, not earlier. The country was not heavily populated until then, and it had conditions similar to other countries that would have made it possible to reduce poverty to minimal levels.

A century and a half ago, Brazil was dominated by a landowner class that still had strong ties to the metropolis [Portugal]. The landowning elite received most income from sugar production. Some people, particularly André Rebouças, had a clear vision that things could be different, if the abolition of slavery could be connected with access to land by workers.* However, the abolitionist movement was defeated in this broader goal by the landowning elite, which still resembled the Portuguese court.

Every place in the world where monoculture has predominated, there is a strong social contrast. For example, in Italy and Portugal, the northern regions followed a path of family farming, meaning property in land was dispersed and democratic, whereas the southern regions followed a pattern of landlord domination. In the southern regions, agriculture tended toward monoculture and laborers were excluded from property-ownership.

Plantations in the northeast of Brazil effectively prohibited family farming. Brazil is so big that there could be simultaneously a very centralized structure of monoculture, with deep social divisions in the sugar cane regions of the northeast, in what is now Pernambuco, while other areas developed family farms. The social division in the northeast developed in the late 19th century and early 20th, as Europeans went to the north and created a landownership structure that is different from the rest of the country. We can still see the repercussions of this.

Before the industrial revolution, it was very rare that any society could increase per capita income systematically. This only occurred a few times and in a few countries. Some people imagine that it happened as a result of a mineral cycle, as when people migrated to Minas Gerais. But that ignores the need for a successful farm economy around the mines that could supply miners with food. So, mining generally developed where there was an economy based on independent farmers instead of an economy of feudal landowners. The barrier to formation of an economy of independent farm-

* Ed.: Slavery was abolished in Brazil in 1888.

ers in Brazil has been a constant factor in our history. The central feature that affects development and poverty is whether power is democratized or not. The elite caused many regions of the Brazilian economy to be retrograde by barring access to land. That changed only ten years ago, with the National Family Agriculture Improvement Program, or PRONAF, a decree favorable to family farming.

Why Brazil and the US Developed Differently

The US gained freedom from British power early, and there was not an elite that could centralize power. Power moved permanently to Washington only after 1932. In Brazil, domination by Portugal delayed our development. Our independence was not based on a popular movement but was simply declared by the son of the king of Portugal. So, it merely transferred power to a Brazilian monarchy and a centralized elite.

Some people imagine that Brazilian industrialization was suppressed, but that is not true. Instead, the development of craftsmanship was thwarted in most regions of Brazil by the lack of independent farmers. Since craftsmanship precedes industry, the latter was slow to develop. This was completely different in New England, where family farming first supported the establishment of crafts, which is why American industry first developed in that region.

In addition, Brazil's landlord class, which imported their clothes, food, utensils, and working tools, blocked the use of protective tariffs that would have enabled domestic industry to develop. This conflict also occurred in the US and was one of the biggest reasons for the Civil War. In the US, the industrialists won the war. In Brazil, the landlords who dominated the sugar and coffee economies had more power than the small group of early industrialists. Those landlords also feared possible retaliation against their exports, so they put all their strength into not allowing protectionist measures to be adopted. That is why Brazilian industrialization took a long time. The first signs of it appeared in the 1920s.[†] This was a period of "misplaced ideas." Today we normally think of industrialists as favoring free trade. But

[†] Ed.: Prof. Da Veiga mentioned something about Baron de Mauá, who developed a ship-building and railway company in the 1840s and 1850s, but which ultimately failed as part of an international financial crisis in the period after 1864. However, he does not elaborate on the significance of this for Brazil's development in comparison with the US or explain the relation to his statement that industrialization in Brazil was delayed until the 1920s.

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in the 19th century, it was the big landowners and slave-holders who were economic liberals in the sense of being against protectionism. The sides of this debate have now completely reversed.

A large group of people in Brazil—the “excluded people”—never gained a place in the economy. Some migrated to take possession of unoccupied lands in sparsely populated places like Maranhão. As soon as they established themselves and made the land more valuable, a speculator would show up to take those lands. They became victims of fraudulent land appropriation or “land grabbing.” Factory owners benefited by having a large contingent of workers with no opportunity to earn a living on their own. That pushed wages down during the whole industrialization process. This structure continued into the 20th century, with poverty growing worse.

During the period of slavery in the U.S, slave owners often taught their slaves to read, because they were Protestants and wanted their slaves to read the Bible. The opposite happened in Brazil, where the religion was Catholic, and the Church considered slaves to be poor souls and not worth teaching. So, there was a big delay in education.

Models of Agrarian Reform

Brazil still has not had agrarian reform despite changes in the past decade, but even if reform occurred, agricultural land does not have the decisive importance for poverty that it had in the 19th century. The people who once needed land are now in the favelas (urban squatter settlements). So the current program to promote rural resettlement is a very small part of the economy.

Why would someone today like to be a small farmer? Most people who now have access to land do not succeed, because normally they have 20 to 30 hectares. It is more difficult now to make a living on 20 hectares than to be the CEO of IBM. So it is difficult to understand that 500,000 families would like to be small farmers. They plan to provide land to 100,000 settlers, but even this goal is not attainable. Even if they were effective, it would still affect only 10 percent of the agricultural land. This is not agrarian reform. In Japan, after WWII, one third of the agricultural land of the country changed hands in two years. That is agrarian reform.

One issue related to agrarian reform is knowing the number of people involved. To determine how many people want land, the government did a survey a few years ago and asked all eligible people to go to the post office and fill out a form. Public officials and those who already own property were

not eligible. After all those people answered, technicians eliminated people in the same family as someone who has land from the government. When we analyzed the results, there were 300,000. However, because some people did not know about the survey and because there may be some new people who want land, we estimated the total as 500,00.

Joao Pedro Stedile, the leader of the People Without Land Movement, came up with an estimate of 11 million landless people. To calculate that, he took the census estimate of the rural population. From that, he subtracted farmers with property and administrators who are not eligible and supposed that all the others are landless. He estimated 11 million people. That is people, not families. It corresponds to about 2 million families. But 2 million is exaggerated. Most of the people I know who live in rural Brazil normally have access to television. If they have basic schooling, they want another perspective of life. Only a small part of the youth think about being a farmer. The rest say the opposite. Stedile is a friend, but we think very differently.

Another concept related to agrarian reform comes from Henry George, an important thinker because of his idea of nationalizing land for capitalism. Even if he was defeated in the countries where this debate took place, we created taxes on the land, especially when the land is not well used. If there is no stewardship in the use of land, we pay very high taxes. A less important land tax in Brazil is the Imposto Territorial Rural (ITR); it means "Rural Territorial Tax." It is very small. But even the debate about whether the thesis of Henry George was right or wrong did not take place here.
