

LOCAL SUSTAINABLE DEVELOPMENT, GLOBALIZATION AND AGRICULTURAL RESTRUCTURING IN UNDERDEVELOPED COUNTRIES*

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INTRODUCTION

There is no novelty in the affirmation that poverty is the most serious impediment to sustainable development in late-developing countries. Yet it would be a mistake to imagine that this is the only or even the greatest problem. As I will argue in this paper, the lack of social organization – especially with regard to civil society – has proved to be just as great or perhaps an even greater barrier than the misery of rural populations. This is especially true at the moment that globalization has highlighted local spaces as arenas of social, economic and political participation for organized groups.

In the era of globalization, the idea of *local sustainable development* has been presented as the new ‘panacea for economic development’ in the Third World countries, particularly for the Latin America and the Caribbean Region¹. This idea suggests that all issues are resolved when we take power away from the State in the federal arena, and give it to the organized society at a local level.

This optimism is such that it is often forgotten to ask for whom this local development is intended, which interests are represented and how, in reality, these interests are organized. Unfortunately, if we did this, in most cases the answers would be hardly stimulating: in the non-developed countries the old, oligarchic interests are well represented at the local level. The new social actors who are emerging in the rural areas of these countries are still incipient and have no organized institutional form. The so-called NGOs (non-governmental organizations) are, in fact, hardly alternative forms of organizing interests. Many of them are little more than *ad hoc* arrangements aimed at winning governmental and foreign financial support and employing half a dozen ‘dedicated professionals’ who could find no other form of survival. Most of the local governments have so many problems related to the lack of infrastructure (transport, energy and water supply, sanitation, educational and health facilities, etc.), besides the high poverty levels in the urban areas of the small and median cities, that rural development is not one of their main priorities.

Perhaps that is one of the most important reasons why there is some doubt that decentralization will necessarily lead to policies which are more sensitive to poverty. De Janvry and Sadoulet (2000) identified four paths out of rural poverty in Latin American countries (migration exit, agricultural, pluriactive, and assistance). But they point out that only two of these paths (agricultural and pluriactive) require ‘a wholesale new approach based on regional development, decentralization and participation’ for a ‘successful rural development path’. Even the World Bank believes that ‘local elites are keener than national ones on preserving inequitable social structures, tend to dominate local decision-making, and serve their own interests at the expense of the poor’ (The World Bank 1996).

The rural areas of Brazil have undergone substantial transformations in the last two decades. In essence, they are subject to influences of urban activities which have transformed them in spaces that are not restricted to agricultural production. The Brazilian National Domicile Survey (PNAD) of 1997 shows that there are nearly 14 million people aged 10 and over in economic activity in rural areas.. Of this total, about 4 million people are involved with non-agricultural activities. The most important sectors of non-agricultural activities are: consumer services, industry, commerce, social services, and the building industry. Those non-agricultural rural workers have been rapidly growing in number since the 1980s and have become majority residents in some states like Sao Paulo, Rio de Janeiro and Rio Grande do Norte (Graziano da Silva 2001). As a consequence of this increasing incidence of typically urban activities in the rural milieu, current official criteria designed to separate urban from rural areas have been put in check, leading to a change in the traditional agriculture sectoral focus of rural policies. Thus territorial policies are acquiring importance and giving rise to new proposals for regional development.

However, it is not the first time that local development has been marketed as the ‘natural panacea’ for development in the Third World countries. In the wake of the Green Revolution of the 1960s, it was widely believed that agricultural development would induce rural development on its own (Cox, 2001). In the case of Brazil, the result of this was a ‘conservative modernization’ of agriculture, which maintained extremely high levels of land concentration and of the income generated there – and consequently, of the political power which derived from this. In the Brazilian rural areas, this meant the exclusion of the small producers from the ‘development’ process, especially in those areas that were already poor. Less than half a century after the introduction of new varieties cultivated on a mechanized basis and the widespread use of chemicals, Brazil achieved the enviable position of being one of the largest producers of grains and meat in the world, the greatest exporter of concentrated orange juice and more. Despite this, a quarter of its urban population continues to go hungry or suffer from a serious lack of nutrition. In addition, 20 percent of rural population are engaged only in self-

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¹ See for example: The World Bank (2001) and also Inter-American Institute for Cooperation on Agriculture- IICA (2000).

sufficient consumption activities and another third are low paid seasonal workers with no support from the labor laws and/or national health system (Chase 1999; Houtzager 2001).

This paper aims to contribute to the debate on rural and agricultural restructuring in the context of globalization, by addressing the danger of 'a reification of the local', mainly in the less developed countries. Issues of social participation and local organization have rarely been addressed in relationship to processes of globalization and within the framework of a comparative approach of the developed and the developing countries. We first discuss some implications of globalization for the Third World countries. Then we try to emphasize four fundamental differences in the impacts of globalization on the underdeveloped countries vis-à-vis the developed ones; the emergence of new forms of governance; the issues related to social organization; quality of life issues; and, the place that those countries (and their agricultural sectors) occupy in the new international division of labor. At the end, we address some considerations regarding the merit of the local sustainable approach of moving beyond the archaic urban/rural and the agricultural/ non-agricultural dichotomies.

While there are some references to what is going on in Brazil, the United States and the United Kingdom, we do not want to undertake a general discussion of processes of rural and agricultural change linked to globalization, based on a systematic comparison/ opposition of 'developed' and 'underdeveloped' countries. Instead, the United States and the United Kingdom are used as an ideal type of developed countries and Brazil as the ideal type of underdeveloped countries. This oppositional and ideal typical approach ends up being very reductionist, whereas our intention is to account for the complex and multi-dimensional character of processes of rural and agricultural changes linked to globalization in different countries.

THE IMPLICATIONS OF GLOBALIZATION

Globalization is not a process that takes place with equal intensity in every country, since it depends on the advantages they can offer to global networks. And this is contingent upon factors such as the country's economic and political strength, the size and potentialities of its internal market, the nature and importance of raw materials that transnational corporations are seeking, the legislation and regulation regarding to foreign trade and flows of transnational finance capital, and other not so evident criteria that may include for example, the levels of corruption of local governments (Belo Moreira 1994).

Thus, globalization does not distribute its costs and benefits equally amongst countries, nor does it eliminate the need for the interventionist state. The logic of its movement incorporates predatory competition and patrimonial speculation, which can only be contained and regulated by new forms of governance and by reinforcing the mechanisms of intervention delineated in public policies (Marsden, Flynn and Harrison 2000).

At the same time that contemporary societies are brought into global processes, they also contain local dynamics directed toward solving problems generated inside and outside their boundaries. As it has been observed, global forces require and stimulate solutions within local and regional spheres. Therefore, we need to look for new ways of balancing the global and the local connections. In this sense, we should not focus strictly on the local, but also on the relations and interactions that take place between localities and regions (Campanhola e Graziano da Silva 2000). It can be seen that the phrase that has been used to speak about national strategies for a global market – *think globally, act locally* - is relevant here.

The spatial re-organization of production involves the acceleration of capital mobility, creating commodity chains in order to obtain the greatest advantages for capital accumulation in different countries, and de-centralizing and specializing production processes. Even in developed countries, globalization accelerates the processes of social exclusion of small producers and the poorest consumers. Particular regions and locales are incorporated into these chains, while others are excluded. Thus, rather than representing a worldwide phenomenon of homogenization, globalization contributes to an increase in the differences between nations and also within their own regions (Bonanno *et al* 1994).

Marsden (1998) has explained that food networks have horizontal and vertical connections with the spaces in which they are located. The social sum of these two types of connections has begun to remodel rural space from within, and in interaction with other spaces. Thus, both dependent and dominant spaces are created.

In the case of the garment industry, commodities are not produced in the global entrepreneurs' own factories, but are contracted to local, regional and national manufacturers, who produce these commodities – clothing, shoes – according to the specifications of the large commercial firms (Friedland 1994). The situation is similar in the case of fresh fruit and vegetable production, which comes from a wide range of locales, some close and some very far away, but in which distribution is controlled by transnational distribution corporations.

In the case of the food system, governments have attempted not to get involved through direct economic regulation, shifting that responsibility to private sector retailers. The State has delegated the status of the representation of consumer interests to retailers, with powers functioning both within national governments and beyond their borders. In this way, the supposed action of consumers through retail networks has contributed to re-defining markets, promoting the emergence of new cultural patterns for the quality of nutrition and for the environment. Thus, regarding global food networks, the processes of food and agricultural accumulation have become increasingly different rather than more similar - as might be supposed - and food prices are increasingly determined in the post-agricultural production phases of food

networks. It is evident that the global cannot exist without the local, and that the local is characterized by social relations that are structured by global social relations (Marsden 1997).

It is important to emphasize that not all local and regional productive activities are integrated into transnational networks or chains. There are demands for local and regional products that are also important, and which constitute important business opportunities for small and medium-sized producers or entrepreneurs (Goodmann and Watts 1997). The competitiveness of each area or region is contingent upon its ability to integrate local, historically accumulated knowledge and capabilities with information and exchange linked to non-local markets. For this reason, the globalization of markets is more likely to increase territorial differentiation than to lead to homogenization (Saraceno 1998). The so-called market 'niches', which refer to the demand for products with specific characteristics and high value (such as organic foods that are free of chemical residues or have not caused environmental damage during the production process), are generally linked to more affluent social classes, since for the low-income population, the demand for cheap and scarcely differentiated food resulting from mass-production processes, continues to operate.

Together with these tendencies there has been a change in the sense of a shift of power and policies from a strong national/weak local to a weak national/strong local framework. Furthermore, globalization is stimulating local re-organization, regarding the particularities of the usage of space and the social actors involved. The differentiation and participation in particular and specifically located markets and niches have created new opportunities for small producers and family farmers. This happens even in non-developed countries where the least privileged groups have been facing the successive processes of macro-economic adjustment (Campanhola and Graziano da Silva 2000).

IMPACTS OF GLOBALIZATION

Thus far we have seen that globalization accentuates the unequal character of the capitalist development of the Fordist era in such a way that its impacts vary from one country to another and even within different regions of a given country. We want now to emphasize four fundamental *differences in the impacts of globalization* on what has been called First-World, developed or northern countries (which we will refer to from here on simply as C1), and analyse these in relation to all other countries, which have been referred to as Third World, southern, late-developing, underdeveloped or developing countries (and which we will refer to from here on simply as C2). In fact, nowadays it is even more difficult to say who we in the less-developed countries are, since after what Schumpeter would denominate as the 'non-creative destruction' of the socialist world, we have lost our identity as the Third World and no longer know how to classify ourselves - as backward, developing, emerging or undeveloped countries, or whatever.

The first of these differences concerns *the emergence of new forms of governance*. With regard to C1 we should not speak about a 'withdrawal of the State in general', but of a re-ordering of its functions (Bonanno *et al* 1994). Political regulation has been vigorously demanded to address new issues, such as the interaction between the environment and productive activities, (to cite one example that is of particular interest to us). These new forms of regulation are not necessarily public, but often represent the State's delegation of functions to particular segments or groups to exercise control in the name of society, thereby creating new forms of private governing (Schmitter 1990). In the case of the C2, globalization has occurred within the context not only of the reduction of the nation states' capacity to regulate economic activities, but has manifested itself in the crises of these states, both in fiscal terms and in terms of the loss of social legitimacy. The fiscal crisis of the nation states in C2 has led to a collapse of part of the public apparatus for economic and also for social regulations. The financial and operational inability of national and local government to attend to even the minimal demands of its citizens, has led to a growing exclusion of social groups that have been denied access to education, health, transport, leisure, security, etc. It is not just that the State has withdrawn from these activities in order to better perform other activities that are being currently demanded. Actually, some state institutions and public bureaucracies are being intentionally dismantled in order to eliminate social forms of regulation that oppose transnational business goals.

In general, the withdrawal of the State from both the C1 and the C2 does not leave 'empty spaces' where the invisible hand of the market is then renewed, as neo-liberals would like us to think. But within the C2 at the economic level, the bankruptcy of public power has led to the take-over of the coordination of these highly oligopolistic markets by transnational firms, as studies of fresh fruit in Argentina and Chile and concentrated orange juice in Brazil have shown (Bonanno, Marsden and Graziano da Silva, 1999). At the social level, exclusion has intensified, contaminating the entire social structure with violence and stimulating radical forms of contestation. At the political level this has led to increasingly authoritarian forms of private regulation by dominant groups.

Another great difference has to do with *levels of societal organization* in the C1 and C2. As we have seen, within some of the new forms of social regulation created by globalization, local spaces have become increasingly relevant. These forms generally originated in the new relationships that were established between private and public sectors, frequently delegating the exercise of governing functions that once belonged to organized interest groups. The difference is that in the C1, a large portion of civil society is organized around its own interests, which at least guarantees the participation of these sectors in the new forms of private government that are being introduced. Thus, the possibility of re-constructing a democratic society, in terms of representation and of the relative strength of these organizations and their relationship to the new configuration of nation states, at least does exist. In the C2 however, where civil society is only weakly organized, the strengthening of decision-making at the infra-national (local and regional) level tends to revitalize the conservative

power of the large rural landowners that are linked to the local dominant classes. In particular, the fact that an earlier period of Fordist accumulation was never as extensive and as significant in the C2 as it was in the C1, where it triggered strong labor union organization, has contributed to making the workers of the former the prime victims of globalization (Reis 1990). So it is justifiable to say that the much lauded 'labor flexibility' is really no more than a dissimulated form of removing from organized labor the rights that had just previously been won in their countries (Chase 1997).

The third type of differential impacts that we want to point out has to do with *issues of quality of life*, generally associated with environment and foods, but which should also be extended to labor conditions. Murdoch, Marsden and Banks (2000) have emphasized that consumers in the advanced nations are demanding 'quality' food and are endorsing systems that provide for those outcomes.

This has at least two important consequences for small farmers in the C2. The first is the ever-increasing concentration of the production of those commodities that have found a place in these transnational productive chains. Furthermore, the transnational companies themselves are now responsible for the coordination of these chains – in light of the operational bankruptcy of public power in the C2 to which we have referred to above – accelerating the process of 'verticalization' of agro-industrial production. In this way the transnational companies start dominating also the sphere of agriculture production *strictu sensu* as well, whether directly or through varied contractual mechanisms (Belik 1997).

A second consequence is linked to the restrictions imposed on producers located in areas of ecological interest, which most often undermines the traditional agricultural systems that had been in use in those areas. Perhaps the most extreme case we can point to is that of peasant producers in the Amazon, who employ cutting and burning techniques to clear land for their subsistence agriculture. The new restrictions as dictated by organized groups in the C1 – especially those devoted to environmental preservation – often end up destroying local production in those areas of the C2 that have been targeted for control or for ecological interests from the C1 point of view groups (Ritson and Harvey 1997).

Furthermore, beyond the difficulty that small farmers have in finding a place in the system, globalization accentuates the exclusion of both small landowners and rural wage workers, through its acceleration of processes of technological innovation. The irrigated areas near the São Francisco river in the state of Pernambuco, Northeast region, illustrate this point very well. About ten years ago, rural settlers planted onion and tomato in the irrigated areas, creating 6 or 7 jobs per hectare per year. Fruit-growing was just beginning - particularly grape-growing - which at that time demanded intensive use of labor and generated significant income. This created the possibility that irrigation – by sprinkling or flooding - could give new opportunities for the Northeastern *caatinga* population.² Today, neither onions nor tomatoes are lucrative and grape-growing generates only 2 jobs per hectare per year. A new irrigation technique (micro-aspersión) that had been developed in Israel, was introduced in the region and made obsolete thousands of kilometers of concrete channels for irrigation, built hardly a decade earlier through heavy government subsidized investments for which the Brazilian people are still paying. Thus, what has resulted is not just the exclusion of small farmers, but of all those who came to the region attracted by work opportunities linked to the conventional irrigation, which at that time represented the state of the art in terms of technological modernization of the northeastern agriculture.

Beyond these impacts of globalization, which can be identified at the level of production, we should also consider the strong discrimination against local consumers, left as they are with the products that do not meet up with the quality standards for exportation to other countries or to other Brazilian regions with higher levels of purchasing power. This is an aspect that should not be neglected: globalization is also a way of accelerating the dynamics of social exclusion in the C2, especially with regard to small farmers but also to workers and consumers with lesser purchasing power. The C1, besides having solved the problems of internal supply, maintain policies of direct subsidies for lower income consumers (King 2000; Rossi 1998). This can, almost partially, compensate the reduced competitiveness of its producers, thus stopping the additional restrictions linked to quality control and environmental protection from leading to greater social exclusion (OECD 1998). Since the C2 lack the resources necessary for a wider policy of subsidies (Gundersen *et al* 2000) they are unable to break the vicious cycle of poverty and the destruction of natural resources to which small farmers of unfavorable regions are subjected. Furthermore, since the C2 have not solved their problems of food safety, it is next to impossible to obtain social legitimacy for policies of non-production (such as the U.S. 'set-aside'). In these regions, hunger is associated not only with low income levels but also to insufficient supply of basic food products, despite the greater capacity of production C2 agricultural have.

Finally, a major difference that we want to emphasize has to do with the place that the C1 and the C2 occupy in *the new international division of labor*, and in particular, with regard to the agricultural products market. It is important to point out that in the C1, agriculture is a less economic important sector, from the perspective of production, employment and income-generation. Furthermore, the C1's participation in the agricultural international markets took place through surplus products and as importers of specific foods regulated through bilateral agreements that usually establish the prices and quantities negotiated. In short, at the point at which globalization moved from the financial to the productive sphere, the C1's dependence on international agricultural markets was declining. It should also be emphasized that the C1's have, since the 1980s, introduced a series of rural development policies based on strong financial incentives that were outside the

² Region covered with brushwood (Translator's note).

new restrictions that GATT placed on agricultural subsidies. Policies to stimulate reforestation, extend agricultural production and create non-agricultural activities in the rural areas (such as tourism, leisure, environmental and landscape conservation, etc.) should be seen as an attempt to complement the income of rural producers, compensating their losses associated with the decline of agricultural incomes (Etxezarreta 1995; OECD 1999).

This is not only a change in the direction of the agricultural policies, but 'the greening of rural policy' or, more widely, 'the greening of the public and the *environmentalization* of the State' (Harper 1993). One of the facts which best illustrates this tendency is the 'right to roam' legislation promised in the Queen's Speech in UK House of Commons, delivered in November 1999. This will provide a legal right of access to much of the non cultivated land, mostly in the wilder or more upland regions of England and Wales. The new countryside access provisions are the main feature of a forthcoming environmental Bill that also promises greater protection for wildlife sites and modernization of the law concerning footpaths and crime against wildlife (such as prison for collectors of wild bird eggs). The aim, supposedly, is to promote 'fairness' and 'enterprise' (*The Independent* November 18, 1999).

In the case of the C2, the economic weight of agriculture is still very important, both in terms of creating jobs and producing foods; it provides a significant part of the income and the revenues that countries need to pay for what they import, which has greatly increased as a result of globalization. For this reason, access to international agricultural markets are becoming increasingly important, both for countries that export a significant amount of their products (such as the countries that established the Cairns group) and for countries that have always depended on the importation of agricultural commodities for domestic supply and/or domestic price control, like Brazil and Argentina. Furthermore, given the pressures deriving from the GATT agreement, the C2 have been forced in the 1990s to open their markets to imported agricultural commodities in order to avoid retaliation from the C1 (which did not want their agricultural and non-agricultural exports affected).

The case of the Brazilian northeast is a good example of what we are describing. Imports to some parts of the region doubled during a two-year period in the 1990s. Imports are made up of agricultural commodities, mainly grains such as wheat and corn, resulting in the almost complete interruption of the circuit of local production and distribution. The corn consumed in the region comes now from Argentina, which on the one hand stimulated the development of a modern poultry industry in the Northeast region, but at the same time worsened the conditions of the producer from the dry lands of the interior, who used to take surplus corn and flour to sell at local markets. It is not only inputs that are imported but capital goods as well. As already mentioned the use of Israeli-developed micro-aspersion, as well as other types of equipment and machinery imported from abroad, are labor-saving and accelerate unemployment due to technological innovation in the region.

The final result of the Northeastern process of agriculture globalization shows that competition, once restricted to the local and regional levels, has now spread to supra-national and international levels, accelerating technological innovation particularly in the fruit-growing sector. It is in this irrational race that new forms of governing linking public and private interest have emerged. Once again, the least privileged are the ones who have lost the most – small and medium farmers, workers and less affluent consumers.

FINAL CONSIDERATIONS

The new approach to local sustainable development has the undeniable merit of moving beyond the archaic urban/rural and the agricultural/non-agricultural dichotomies. As we know today, agricultural activities are profoundly transformed by non-agricultural activities. Rural space is not just a space defined by its particular relationship to the land – and, in broader terms, to nature and the environment – but is profoundly linked to contiguous urban space.

None-the-less, the local development approach presupposes a minimum of social organization permitting different social actors to function as the true protagonists of the processes through which the spaces they inhabit are transformed. For this reason we can say that local sustainable development should also be understood as a political development, in that it permits greater and better representation of diverse social actors.

An important point to be made is that when we speak about these actors, we are not simply referring to agricultural producers, as widely-varied as the latter group may be. We must also include those who inhabit the rural milieu or those from urban areas who simply maintain an idyllic point of reference for a new relationship with nature.

Growing demands and concerns regarding the management and conservation of natural resources are other important components in the strengthening of rural space. Here, as well, the organization of social actors can provide the impulse for participation and implementation of local development plans oriented toward their interests. Although many restrictions on forms of participation and representation continue to exist, this is due to both low levels of mobilization and to difficulties in maintaining an adequate representation of all the social sectors involved. These add up to the presence of operational and organizational biases resulted from local institutional structures and the decision-making power of the most affluent groups.

In the Brazilian case, for example, while it can be said that actions oriented exclusively toward agricultural development were able to engender a high level of modernization in some parts of the country, this was not accompanied by the desired rural development. One of the main reasons for this is the fact that only the technological and economic

dimensions of the rural development process were privileged, relegating social and political changes, such as the labor organization of rural landless workers and small farmers, to a secondary concern.

Furthermore, with globalization, the disparities that exist in the less developed countries tend to be exacerbated, both in regional terms and, especially in the agricultural sector, in terms of the relationship between the family farm sector and agribusiness. It is apparent that globalization is accelerating this process of social exclusion of the already less favored, accentuating the unbalanced character of agricultural modernization. Also, if it is true that this treatment of local development allows one to overcome the old dichotomies (such as urban/rural and agricultural/non-agricultural) it is also true that we cannot assume that there is always a minimum of social organization which allows the new social actors to participate.

It is necessary to build new institutions at the local level if we wish to ensure that local people can express themselves and claim for their own needs. Also, these new institutions, which are just emerging in the rural areas of the underdeveloped countries, are endorsing better social representation of previously excluded groups, such as workers who own little or no land, for example. The new institutions must also search towards a better representation of the agricultural landowners and salaried rural workers as well, despite the fact that both of groups are still prisoners of a unitary union structure and rural ideology. In the Brazilian case, the impossibility of allowing representation of pluralistic interests is one of the main facts responsible for maintaining the political power of the country's rural oligarchs, even in those regions which they retain no corresponding economic and social power. We must also search for ways to represent the interests of all rural residents, be they non-farm workers, pensioners or urban residents who own country residences and leisure smallholdings, or those who have non-productive rural interests, such as the preservation of the countryside and of natural resources. In this new institutionalization, the agricultural workers and farmers must not monopolize the representation of the new rural situation, since the interests to be articulated would neither be merely economic, nor sectional, but of a space delimited geographically by many organizations represented. Thus, in many cases the locality would have to be larger than the municipality; that is it amplifies the spatial dimension of a region, such as a hydrographical basin, a river valley, a mountain range or even an area which produces a certain product which centralizes the interests of these distinct localities, such as the cocoa region of Bahia or the sugar cane in the Northeast.

One fundamental question is how this new institutionalization is to be constructed; should it start from the existing structures and organizations or from new entities? In principle it seems there is no clear rule as to whether one or other of these possibilities should be excluded. Thus it seems obvious that the institutions of teaching, research and technical assistance would have to be reformulated to include these non-agricultural dimensions of the local rural development. Also, this reformulation cannot be effected by simply aggregating new departments, secretariats or even ministries to the already existing institutions created in the wake of the Green Revolution of the sixties. Above all, one must modify the content, methods and objectives of these institutions and of their programs and methods of action. In the same way, the policies of administrative and financial decentralization alone are not enough to strengthen the power of the newly emerging social actors. It is necessary to create new mechanisms for the participation of the local populations, which go much further than simply nominating 'development councils' with the task of making suggestions about the application of the funds received by the local governments. As far as we know, the process by which such mechanisms are created seems to be an open question, since it cannot be solved *ex ante*, as the economists have it. Rather, solutions will be constructed one by one, in the swell of the actual fight for the transformation of the structure of power in each locality.

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