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Farming Systems in Northeast Brazil: Threats and Chances from Globalisation

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Abstract

A worldwide trend in agricultural sector development is the deterioration of prices for agricultural products and the impressive increase of labour productivity in this sector.

Globalisation means that within a world economy productive resources are allocated where production is most efficient. Protectionism in Brazil has temporarily protected the local farming sector from the international pressure. Later, though public indebtedness and economic instability have made a cutting of public expenditure along with liberalization unavoidable: The Plano Real has been implemented in 1993/94.

The rather suddenly exposed agricultural sector has had to catch up with its international competitors in adapting productivity increasing farm technology. This has led to a biased development of the benefits generated for individuals engaged in the agricultural sector, depending on the individual assets in terms of productive resources.

A broadly accepted public perception is that big players win over-proportionally at the expense of the small players which increases the relative poverty of the disadvantaged in a dualistic development. This undoubtedly is true for part of the sector, but the potentials of the small-scale farming sectors are often underestimated. Small-scale farming systems can adopt productivity increasing innovations for their farming systems, but they often do it more slowly than agricultural enterprises with substantial productive resources. The potential to cope with risks is much lower, innovations are introduced more cautiously.

This article argues, that the stabilization of the economic environment of the farming system, an achievement often omitted in the discussion on globalisation, creates a much more sustainable basis for the economic development than possible within a protected, but fragile economic environment. Typical farming systems in Northeast Brazil are therefore being compared in a scenario approach, considering the development in a stable economic environment exposed to world market conditions on the one hand and economic conditions as prevailing before the implementation of the Plano Real on the other hand. Focus of this comparison is the long-term development, involving investments and considering the off-farm economic environment. Of special concern are the subsistence sector and its development lines.

Keywords: Farming systems, globalisation, Northeast Brazil, technical progress