## RESEARCH INSTITUTE OF APPLIED IN SUSTAINABLE ECONOMIC DEVELOPMENT – IPADES

## WHY THERE ARE STILL MANY POOR MUNICIPALITIES IN BRAZIL?

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Brazil has more than five thousand cities and a significant portion is poor and low human development index, depending on, for much of the survival of their populations, the transfer of wealth through social policies.

But in the last eighteen years the country has evolved a lot, and one of the sectors that has contributed to this evolution is agriculture, which overcoming challenges generated wealth, distributed income and development in some places in a sustainable manner; is an activity that is present in all Brazilian regions. With this performance have been today dozens of farming towns with Human Development Index (HDI) equivalent to first world countries.

So, why there is still that great numbers of poor municipalities in Brazil? The answer requires an understanding of what constitutes development, which these municipalities is far from being conceived.

Development is a process of economic growth with income distribution and environmental preservation generating quality of life for the population. Its realization takes place with the participation of the productive sector, government and society. For better understanding it is important to analyze the participation of these segments in isolation.

The productive sector, responsible for economic growth, has as main objectives the earnings and capital accumulation, the latter seeking new investments. This work segment in the market, an institution whose operation generates imperfections. It is essential, but only hardly generates development.

Take as example the economic growth that has occurred in MATOPIBA, acronym of the initials of the states of Maranhão, Tocantins, Piauí and Bahia. It is an

area of 73.07 million hectares divided between those states, covering 337 municipalities.

According to Evaristo de Miranda, coordinator of the Strategic Territorial Intelligence Group (Gite), acronym in Portuguese, of the Empresa Brasileira de Pesquisa Agropecuária (Embrapa), grain production in MATOPIBA in 2015 should reach 20.4 million tonnes, representing approximately 10% of Brazilian production . This production is much higher than that of Minas Gerais, which this year accounts for 5.3% of national production.

The participation of MATOPIBA in agricultural production of the four states in which the region is inserted increased from 35.05% in 1996 to 40.45% in 2006 and currently has over 50%, according to researcher Miranda.

However, according to a study by researchers at Embrapa, Eliseu Alves and Geraldo da Silva e Souza, based on the agricultural census of 2006 - the last conducted by the Instituto Brasileiro de Geografia e Estatística (IBGE) - of the 250,000 existing farms in MATOPIBA, 93.79% are classified as poor farmers (13.95%) and very poor (79.84%) of the total. The overall rating income has very poor facilities (79.84%), poor (13.95%), middle class (5.79%) and rivers (0.42%). The study found that almost 200,000 poor facilities are spread over all 337 municipalities in the MATOPIBA, with an average of 593 per municipality. Note the wealth generation in MATOPIBA by grain farming cannot alone solve the current serious socio-economic framework.

"Agricultural solution of extreme poverty will require changing the organization of production, including the elimination of the imperfections of technology diffusion markets, inputs and outputs, rural credit and exports. While this does not come, the income transfer policies are a viable option as an alternative to rural exodus", the authors say. And how to get this change? The obvious answer is government action: federal, state and municipal levels should take action to solve or minimize market distortions. But this action does not happen.

Government, institutionally, should fulfill this role, but in practice there is a great distortion, so that it becomes multifaceted and begins to perform other distinct functions and ineffective in its primary function, ie, it has been dead government, incompetent, corrupt, populist and ideological.

In the municipal government scale has an important role, not for financial support, but the diagnosis and search for solutions, however, are very few that play this

role. Currently than "take" refers to the health center, school and public cleaning activities performed with precariousness.

The third segment responsible for the development is the society. The demand market products and to give the government its representation, expects the productive sector and the government promote development that will benefit it. Big mistake! The society, mainly municipal, have to leave the passive attitude and become proactive in order to demonstrate that they know what is development, and more than that, which is intent on getting it. Because otherwise, you'll only get results like what is shown in the example of MATOPIBA, but that is generalized across the country, and that in the table below is demonstrated in numbers.

| Rating income | Share (%) in | Total of       | % of the     | Gross income / |
|---------------|--------------|----------------|--------------|----------------|
|               | total the    | establishments | produced     | establishment  |
|               | property     |                | gross income | (minim wage)   |
| Very poor     | 78,94        | 199.801        | 5,22         | 0,48           |
| Poor          | 13,95        | 34.917         | 8,35         | 4,36           |
| Middle class  | 5,79         | 14.500         | 26,74        | 33,64          |
| Rich          | 0,42         | 1.020          | 59,69        | 1.067,21       |
| Total         | 100          | 250.238        | 100          | 7,29           |

Distribution of population and income by establishments - 2006 Agricultural Census 2006

Source: Alves and Souza.

Happens what is in the social and economic picture that there are concentrated the biggest problems of the MATOPIBA and of great most of the Brazilian local authorities. Another study that points to important cause of this ominous reality was done by the investigators Daniela Rocha and Ignez Lopes, of the Brazilian Institute of Economy of the Foundation Getúlio Vargas (FGV/IBRE), acronym in Portuguese, which reveals the education picture in the local authorities of the MATOPIBA, said by the Census of 2010, it is very distant of that noted one in the month, the Census in the producing regions of grains of the Scrubland of Mato Grosso, Mato Grosso do Sul and Goiás. According to the IBGE, only 1 % of the local authorities of the Middle West had more than 25 % of the population with 15 years or more than they could not read and write. In MATOPIBA the piece of the local authorities in similar conditions was of 38,9 %, including 131 of 337 local authorities of this polygon of agricultural production.

Without a conscious and active participation of the society in the local authorities the change of this picture of poverty will be very slow. The citizenship is to be practiced, she is vital for the democracy and the development.