

# **Corporate Territories and Structural Poverty: the search for a developmental agenda for Brazil in the post-pandemic period**

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Starting from the concept of corporate territories and structural poverty, this article aims to analyze the effects of neoliberal policies of the last 40 years in Latin American and Brazilian economies as well as to propose a developmental agenda for Brazil, in the post-COVID-19 pandemic, for generations to come. The new post-Covid division of labor, which is imposed by innovative elements (technoscience, information technology, capital profitability, consumption, finances), has been spreading all over the planet in a relentless and violent way. The COVID-19 pandemic has shown the incessant strength of the market, science and technology and the need to rethink the new International Division of Labor and its repercussions on the territorial division and on the urban environment. The current technical informational system reaches everyday life in an extraordinary way. This expansion has been exerting great impacts on the reorganization of territories, where companies start to take advantage of data and information production through algorithms via an increasingly ascending and dominant Artificial Intelligence-AI, deepening and diversifying the territorial division of labor, accentuating the inequality to a higher extent in the most diverse territorial scales, especially in peripheral countries, with their even more fragile peripheries. It is urgent to search for an inclusive developmental agenda, with the effective participation of the State in the sense of mitigating these effects and building national and regional integration policies.

Key-words:

Territories, Latin American, Structural Poverty, developmental agenda, Brazil

Classification: JEL: JELO1; JELO2; JEL R1

## **1- Corporate Territories and Structural Poverty: social, political and ideological orientations**

The term territory comes from the Latin word, *territorium*, which, in turn, derives from *terra* and means an appropriate piece of land. In the French language, *territorium* gave origin to the words *terroir* and *territoire*, the latter representing the “extension of the prince's body”, that over which the prince reigns, including the land and its inhabitants. The concepts of space and territory are distinct. Space represents a high level of abstraction, while territory represents the space appropriated by an actor, being defined and delimited from the power relations, in its multiple dimensions. Every territory is the product of the intervention and work of one or more actors in a given space. Territories are determined by the diversity of social and economic relations and can be characterized by continuous or discontinuous areas in sections and networks, consisted of different scales and dimensions. Thus, territories can be countries, states, regions, municipalities. The contemporary debate and public policies on regional and urban development have brought to light the “rediscovery” of the dimension and the “territorial scale”. This rediscovery is the result of empirical observation and is the result of the unsatisfactory and weak results of macro-regional policies implemented around the world. As mentioned previously, the effects of the globalization process have intensified over the last three decades with dramatic repercussions on spatial structures and systems (regional and urban), especially in peripheral countries. Among these effects, the following stand out: strong process of deindustrialization in some countries, changes in the international division of labor, emergence of new industrial areas, recreation of regions, marginalization of countries and market fragmentations. All these effects have repercussions on urban and regional spatial structures, with disconcerting impacts. The dogma of competitiveness causes locations to be increasingly competitive with each other. In this way, the big city becomes the great realm of corporate urbanization, causing a diffuse urbanization process with severe repercussions on the territories. The new Division of Labor, which is imposed on the basis of innovative elements (technoscience, information technology, capital profitability, consumption, finances), has been spreading all over the planet in a relentless and violent way developing forms of control over territories from global companies and large banks that together have a system of co-production of data and information that are revolutionizing the systems of consumption and electronic commerce with severe impacts on territories. Municipalities and Federative territories often has a secondary and passive role, without resistance, just of adapting their technical infrastructure systems these corporations. The COVID-19 pandemic has shown the incessant strength of the market, science and technology and the need to rethink the new International Division of Labor and its repercussions on the territorial division and on the urban environment. The current technical informational system reaches everyday life in an extraordinary way. The smartphones have changed

everyday life. This expansion has been exerting great impacts on the reorganization of territories, where companies start to take advantage of data and information production through algorithms via an increasingly ascending and dominant Artificial Intelligence-AI, deepening and diversifying the territorial division of labor, accentuating the inequality to a higher extent in the most diverse territorial scales. These companies start to take advantage of economies of scale with a vast technical and political power and market dominance, increasing the values of their applications and consequently their market values. In view of the dynamics and the great complexity of the phenomena involved, strictly speaking, it is clear that no classical theoretical current to contemporary regional or urban development is able to present sufficient and consistent explanations for these new and recent contemporary movements, with the need of an effort for a new critical analysis and a synthesis attempt within a new proposal of theoretical reconstruction. Based on these, what can be perceived is that the full understanding of the development process requires studies in a multiscale manner, considering it expands the spectrum of analysis, allowing the analyst to have a broader view of the process of accumulation and reproduction of capital and an accurate analysis of the processes that govern social relations and their impacts on the space. Because of this, contemporary scholars have frequently recurred to the classics, following the example of authors such as François Perroux, Myrdal, Hishmann, Henri Lefebvre and Milton Santos. According to Diniz (2006), such phenomena are so complex that in order to be understood and mastered, there is always a need for interdisciplinary articulation, notably through various disciplines such as economics, geography, political science, engineering and urbanism. It should be noted that the approach to territorial economic development indispensably requires the effective participation and leadership of the State apparatus as a coordinating, indicative and guiding representative of social agents and the involvement of organized civil society.

## **2- The peripheries of the Latin American metropolises and the process of social and gender exclusion that were accentuated to a higher extent during the pandemic**

The precarious manner in which urban occupation has been taking place on the outskirts of Latin American and Brazilian metropolises is marked by a low quality of life and urban organization. The number of irregular settlements (favelas, huts, stilt houses, etc.), caused by the extremely precarious housing expansion and insufficient urban infrastructure and the provision of basic social services or housing plans for the low-income populations who cluster there, mark the regrettable lack of basic government services and urban control in these territories. Almost all of the precarious, low-income or informal workers who live in these poor neighborhoods in the urban periphery live in

favelas, due to the absence of the organizing and protective function of the State apparatus, precariously and without discipline due to the need for survival. As a result, the natural spatial structure found there is altered quickly and in an undisciplined way in an attempt to meet the growing demands of basic social infrastructure.

This high precariousness of work is also accompanied by its high volatility, a fact that increases, more notably, the social fragmentation, causing abrupt impacts on the metropolitan morphology. In addition, the job market has undergone radical changes over the last few decades with the emergence of rapid technological innovations that generate high unemployment of the human factor, affecting the production relationship, with the requirement for highly specialized and knowledge-intensive placements, difficult to be learned in those vulnerable and precarious spaces. Therefore, even the low-skilled workforce that exists there is focused on low qualification and remuneration services.

Large Brazilian cities are marked by major intra-urban contradictions, which consolidate an urban development model characterized by major economic and social inequalities, being a typical phenomenon of Latin American countries and appearing in great numbers in Brazilian capitals. It should also be noted that such a precarious model of urban development is anti-social and tends to impact the spatial structure configuration of the metropolises, affecting above all and more heavily the segments of the most fragile populations. This is where the ultra-afflicted segments of poor girls and women from the urban periphery appear. Due to the physiological and historical-social condition of gender, they are exposed to the greatest limitations, personal suffering and are commonly the most frequent and fragile victims of human violence. It is in this space that Brazilian society is faced with the main segment of the fragile and unprotected human population that lacks a special attention from the State. One can see, from a gender point of view, the large number of hopeless young Latin American women (between 15 and 24 years of age), who do not study and do not work, and whose number is estimated at about 12.5 million, that is, 27% of the total population. It can be observed that the proportion of women who are not included in the educational system and in the labor market is more than double the fraction of men. In Brazil, women who fall within the aforementioned “weakened” category represent 28% of the total, that is, 10 percentage points more than men. It is recorded that one of the determining phenomena for this situation (women who do not study and do not work) is unwanted teenage pregnancy,

which ends up having an even more tragic impact on the lives and future of these women, permanently affecting them.

According to a study carried out by the ILO-International Labor Organization in 2018, the world rate among men who are in the formal labor market is 75%, compared to only 48.5% among women, 26.5% lower than the men's rate. In Brazil, according to the Ministry of Labor, the percentage of women in the formal labor market is 45%. Furthermore, it is known that most women in the labor market perform low complexity and remuneration services, despite the advancement of female education. What can be observed, therefore, is that the increase in the precariousness of work (in the face of labor deregulations) combined with precarious housing in urban peripheries and in large pockets of intrametropolis poverty, is where these women can enter in a competitive and extremely exploitative way. They are also the special victims of the miserable social conditions of the high urban poverty where they live, combined with the high crime rates and sexist violence to which they are subjected. It is noteworthy that the lack of security and disrespectful and aggressive sexist culture against women, which affects a large part of the Brazilian and South American women, are accentuated in the peripheries and in the country's large pockets of poverty.

### **3- Toward a developmental Brazil for this generation and future generations**

The flaws and social wounds of neoliberal policies, adopted in the last 40 years, have opened space for a strong rejection movement of this economic model, present in most developed, underdeveloped and developing countries, like Brazil. Several scholars of the Brazilian economic development, who are critical of the neoliberal model, have been pointing, over the last few years, to new development strategies supported by political economy theories that attribute to the strengthening of state owned social institutions. These strategies are a fundamental role in the process of economic and social development. It is a new way of organizing capitalism, as an alternative to the so-called economic neoliberalism, now that it shows strong signs of exhaustion and rupture, especially in economies with high structural, economic and social heterogeneity, such as Brazil, Latin-American economies and other underdeveloped economies. The classic concept of development is understood as a process of increasing the productivity of the

labor factor and the supply of available goods and services and aimed at the well-being of the community. It is present in the current contemporary discussion, despite the confrontation of new national and international problems, such as the new virtual technologies and globalization. For all these reasons, it can be said that the differentiated economic action of the modern state apparatus, understood as an expression of democratic organization of society and a space for resolving conflicts and social interests, is what needs to be adjusted together with its vision and action strategy and these new problems must be addressed. The developmental model that dates back to the 1960s is still quite current for dealing with contemporary problems (with the appropriate adaptations). It is based on Keynesian macroeconomic policy and economic development theory. The Keynesian guiding principles consider aggregate demand management as a fundamental and dominant tool for achieving long-term strategic objectives. Among the developmentalist thinkers, the Latin Americans of greater international expression are: Celso Furtado, Raul Prebisch and Ignácio Rangel. From an ideological point of view, developmentalism proposes moderate intervention by the State in the economy and the coalition of social classes through economic nationalism as well as the basic principles of social insertion, economic security for the entire population and the sustainable preservation of the environment. These authors believe that the state is strategic and fundamental and its apparatus needs to be strong, solid and financially balanced.

In Brazil's case, in its current historical context, it is imperative for economic efficiency and social justice the main concern to infallibly put the State at the service of progress, economic efficiency and social equity, eliminating in particular the privileges of bureaucratic and social castes that have been disproportionately benefiting from the Brazilian State over the last decades, with an emphasis on the judiciary and parliament and other categories. This stratum of society that benefited and concentrated income to the detriment of the impoverished population would surprise the classic developmentalists, as they never would have imagined their proposals defending the National State witness the Brazilian aristocratic state reach the level it has gotten to: forging an elite even more privileged and unequal in relation to the poor and having higher public education as a ladder of social ascension to the detriment of universal quality basic education that has never been a priority in any government. Within the rigorous concept of contemporary developmentalism, the State must, therefore, have its

role revised for greater efficiency and must be focused on the people and for the economic and democratic reconstruction of the country.

In view of all this, the challenges are immense. However, facing these issues are fundamental to ensure the proper process of economic development with due social and productive inclusion. As shown, for example, to overcome the poverty situation in the economy, clear and assertive public policies of a strong social and productive nature will be necessary, remembering that in 2021 Brazil had approximately 14 million Brazilians in extreme poverty, 14.4 million people unemployed and almost 600 thousand deaths by covid-19, largely due to the irresponsibility and denialism of the federal government, in addition to other dysfunctions in other levels of government, as well as the absence of a lucid and socially responsible vision of the private and social leaders.

From the point of view of the transformations that are taking place in the world, developmental strategies based on social and productive Keynesianism and on other theoretical nuances have been intensively adopted, both by the Biden administration in the USA and by the European Union, in view of the necessary process of reconstruction of the economies in the post-CoVID-19 pandemic. In fact, the economic policy adopted in 2021 by the new US president, Joe Biden, represents a significant change in the role of the State in the process of economic development and growth, and follows the same line and intensity as the governments of the European Union.

In this context, it should be noted that Brazil needs a developmental agenda for the next generations, where a lot will have to be re-studied, designed and redesigned. All over the world, innovative practices of public interest are being conducted by the State, where future plans, programs and projects must be concentrated. There is no progress without the State. The Developmentalist State is, therefore, the key to recovering the delay in which Brazil finds itself. Elaborating a National Development Project for the current and next generations is a task to be accomplished and must be the priority of the next president of the Republic. Brazil is in a hurry, and a significant part of its population suffers from hunger. The developmental state therefore needs to deepen significant and fundamental lines of action:

- 1) We need an economic model that deepens and clearly states the current situation, concepts and mechanisms for people to move out of the state of poverty and rise to dignity and possible social well-being. Poverty in itself is an obstacle to economic development. The elimination of poverty can only be solved with effective public policy

actions in order to ensure that everyone has access to society's goods and services, and that is what the economic policy should serve as. In Brazil, the persistence of poverty is chronic in nature. The country, despite having advanced in its productive structure and having had progressive democratic governments in the last three decades, unfortunately, has not managed to overcome poverty. Thus, policies to combat poverty must be a priority in any development project, to the detriment, for example, of policies aimed at increasing wealth, which has been the logic of the development model in recent decades;

2) we need to create new and dynamic Employment conditions. Job creation has to be a central purpose of any economic model and not a mere consequence;

3) we also need this model to recognize nature as an asset to be worked on in a sustainable way, and not just a mere natural resource irresponsibly consumed, as human life is at risk in its trajectory on earth;

4) a specific look at the Amazon, finding its own solution for the bioeconomy through the technical-scientific revolution;

5) A just and progressive tax reform that imposes taxes on the rich. The current Brazilian tax system essentially penalizes the poor.

6) A policy of regional incentives according to regional typologies similar to the European Union.

7) An incentive policy to strengthen the infrastructure of the urban network through infrastructure investments for public services (public health and education network) and accessibility. Private investments are encouraged through the infrastructure network for the physical integration of urban services and active and explicit regional policies. The great modern laboratory has been China and the European Union.

In conclusion, based on this context, some strategic areas should be prioritized in the short term, such as: economic security for all families as a way of guaranteeing survival (universal minimum income), raising the quality of secondary and vocational education compatible with international standards, strengthening infrastructure (electricity, basic sanitation, roads, railways, ports) , support for innovative projects, the development of mechanisms for food security through the improvement of innovative processes to



support family farming (distribution and production), the construction of housing (popular civil construction), the structuring of the design of an innovative and consistent sanitation project and the structuring of digital networks that allow students the access to content and classes, which are essential for a safe and continuous process of learning and development.

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