Modernization, the Fight Against Poverty, and Land Markets

Modernização, combate à pobreza e mercado de terras
Uma análise das políticas do Banco Mundial para agricultura e desenvolvimento rural (1944-2003)

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Resumo O artigo analisa a atuação do Banco Mundial (BM) em agricultura e desenvolvimento rural (ADR) desde a sua fundação até o ano de 2003, com ênfase para a sua dimensão política. Conclui que, a partir dos anos 1960, o BM cumpriu um papel relevante na formulação, articulação, indução e catalisação de políticas transnacionais e nacionais de ADR, contribuindo para alargar o espaço social de valorização do capital na agricultura e acelerar a mercantilização das terras rurais. Já as iniciativas voltadas para a redução da pobreza rural, praticadas de modo variável e irregular desde 1968, deixaram um legado de difícil mensuração e avaliação, sobretudo porque buscaram preservar — ao invés de combater — a concentração da propriedade da terra.

Palavras-chave revolução verde, pobreza rural, reforma agrária

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The article analyzes the World Bank’s (WB) agriculture and rural development activities (ARD) from its foundation until 2003, with an emphasis on the political dimension. It is concluded that from the 1960s onwards, the WB played a significant role in the formulation, articulation, induction, and catalyzation of transnational and national ARD policies, helping to widen the social space for the valorization of capital in agriculture and to accelerate the mercantilization of rural lands. Initiatives aimed at the reduction of rural poverty, practiced in a variable and irregular manner since 1968, left a legacy difficult to measure and assess, especially because they sought to preserve — rather than combat — the concentration of land ownership.

**Keywords** green revolution, rural poverty, agrarian reform

Having completed its 70th year of existence in 2014, the World Bank (WB) — originally created as the International Bank for Reconstruction and Development (IBRD) — still has full operational capacity in all areas related to development. The purpose of this article is to analyze its activities during its first 60 years under a specific heading: agriculture and rural development (ARD). The question is looked at in terms of its political dimension.

It is not intended here to analyze the forms in which ARD programs were implemented in different states, which would require specific empirical research. Nevertheless, in theoretical and methodological terms, it is important to highlight that the WB’s relationship with national and subnational governments should not be seen as a mere external unilateral imposition. Although there exist differentiated forms and mechanisms of pressure used by the WB in accordance with circumstances, the actions of the organization historically occurred in the middle of a dense and growing network of relations involving national and international public, private, non-governmental, and business agents, who supported, adapted, negotiated, and disseminated the institution’s prescription. Frequently in this asymmetric interaction the WB’s discourse and practices produced arguments and resources to reduce conflicts between
competing domestic political actors and consolidate its own positions of power and ideological convictions. In other words, for the WB to be effective, the construction of visions of the world and mutual interests was necessary, which in turn required the creation of negotiation and diffusion mechanisms, both internal and external to national spaces.

Despite its technical façade, the WB always acted, albeit in different forms, in the interface between the political, economic, and intellectual fields on an international scale, in function of its singular condition as lender, policy formulator, and inductor of ideas and prescription about what to do in questions of development from an Anglo-Saxon perspective. For this reason, the Bank is looked at as an intellectual, financial, and political actor (Pereira, 2010a).

The text is divided into four sections. The first covers the first two decades of the WB’s existence, showing how and why the institutional eventually became engaged in ARD. In the next section, the ‘golden age’ of the institution in this area between 1968 and 1981 is looked at. The third analyzes the WB’s turn towards economic liberalization between 1980 and 1994 and the place that ARD assumed in the organization’s agenda. Finally, the re-engagement of the WB in the middle of the 1990s is discussed, centered on the diffusion of a new agrarian policy agenda. The paper is based on the institution’s own documentation¹ and dialogue with a wide-ranging and diverse specialized literature.

**First years (1944-1968)**

The WB’s engagement in ARD was slow and initially modest. During the 1950s, ARD was at the top of the American bilateral aid agenda, transmitted both through public agencies and private actors, such as the Ford and Rockefeller Foundations. In addition, the United Nations Organization for Food and Agriculture (FAO), created in 1943, was already carrying out a series of activities in numerous countries (Staples, 2006).

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¹ A substantial part of the WB documentation cited here is available at http://r1.ufrrj.br/geac/portal/documentos/.
Meanwhile, the WB concentrated its portfolio on large infrastructure projects, above all energy and transport. In ARD the WB was basically concerned with irrigation and drainage projects, which in general were large and capital intensive, figuring as sub-items of infrastructure (Kapur et al., 1997, p.279).

Why did the WB remain so restricted in terms of ARD activities during its first fifteen years of existence? Two reasons have to be taken into account to explain this. First, the institution needed to gain the confidence of investors from the US financial market, symbolized by Wall Street, where it raised funds for its operations in this period. For Wall Street, the WB’s bonds were only trustworthy to the extent that the institution did not compete with private banks, and this would only be possible, from the viewpoint of the bankers, if the projects funded the construction of productive infrastructure, with long maturation periods, high risks, and requiring imports from the US, which was not the case of many agricultural projects. According to this vision, WB loans had to demonstrate where and how the money was used, which in turn was used as a propaganda element to convince private investors to purchase more WB bonds. It is true that when political questions were in play, this obligation did not prevent the WB from camouflaging credits to relieve crises in balances of payments, as if they were loans for specific projects (Kapur et al., 1997, p.123). Generally speaking loans for productive projects were the most common.

Another reason is related to the dominant economic debate at the time under the auspices of Development Economics. Among the principal specialists in this area, industry was seen as the motor of development, with traditional agriculture being regarded only as a sector from which resources needed to be extracted to fund industrialization. Furthermore, there was a uncertainty about the relationship between increased agricultural production and the need (or not) for agrarian reform, its political feasibility, and the role which international institutions should fulfill (Kapur et al., 1997, p.381).

The restricted engagement of the WB in ARD began to change in January 1963, at the beginning of George Woods’ presidency. Indicated
by the Kennedy administration, the former president of First Bank Boston implemented a pro-ARD vision within the institution and loans for the agricultural sector grew in number and volume.

This change can be attributed to three factors. First, the growing involvement of the institution with the so-called ‘green revolution’ — i.e., the development of hybrid wheat seeds that began in 1943 in Mexico (and, afterwards, of rice and corn) whose high productivity depended on optimal irrigation conditions and the intensive use of agro-toxins, chemical fertilizers and agricultural machines produced by American and European companies (Lappé; Collins, 1982; Burbach; Flynn, 1982; Oliver, 1995). Sponsored by the Rockefeller Foundation, and afterwards by the Ford Foundation, this process spread during the 1960s, based on the creation of agricultural research centers in various Third World countries (Perkins, 1997). Also funding these centers was the United States Agency for International Development (USAID), created in 1961. The first was the International Rice Research Institute, set up in the Philippines in 1960; afterwards came the International Maize and Wheat Improvement Center, in Mexico (1966), the International Institute of Tropical Agriculture, in Nigeria (1967) and, in the same year, in Colombia, the International Center for Tropical Agriculture. Thanks to the above foundations, the above four centers received advanced technical resources from the US without overloading US foreign policy (Kapur et al., 1997, p.399).

Concomitant to the creation of this technical and scientific infrastructure was the lobbying of international and national agencies by large chemical fertilizers companies to diffuse the technological package of the green revolution. The actions of the Rockefeller and Ford Foundations and of USAID took place in tune with the promotion of business interests; included in this circuit was the WB (Burbach; Flynn, 1982, p.122). New varieties of agricultural production depended on a sophisticated and expensive system of irrigation and the use of industrial raw materials, whose maximum efficiency occurred after a certain scale, which tended to benefit the richest producers, the better educated, and the holders of the best lands (George, 1978, p.111; Lappé; Collins, 1982,
p.115). In turn, access to agricultural credit and technical assistance services became indispensable to rural producers. To make it feasible, larger national and international public funds were increasingly channeled directly into the production of new varieties. While it subsidized agriculture, the US and Western Europe exerted pressure — together with the WB — on underdeveloped countries to adopt the green revolution through the purchase of machinery and chemical raw materials produced in central countries. This contributed to increased production and productivity, but also to a rising external debt, additionally opening the doors to a growing food dependency (Shiva, 1991, p.171-194; Kofas, 2005, p.24).

The second factor is related to the political concern among Washington policymakers, of the international aid industry, and the WB with the imminence of ‘food crises’ in the Third World. In vogue in this circuit were Neo-Malthusianism and the fear that there would be a more accelerated increase in population in relation to food production, particularly in southern Asia.

Finally, the third factor is of an intellectual order. During this period, what gained in importance among the WB staff was the thesis that ‘traditional’ farmers were receptive to economic incentives and predisposed to the optimization of production according to capitalist criteria of profitability. Schultz’s work (1964) was a mark of this new vision and gave economic rationality to the preparation of projects aimed at the technical modernization of fractions of the peasantry — above all, small landholders (Kapur et al., 1997, p.386; Oliver, 1995, p.165).

For the above reason, during the 1960s, the WB not only grew and diversified the sectorial allocation of its loans, but also expanded its weight in the international development aid industry. Agreement between the WB and bilateral and multilateral donors had been achieved at the end of the previous decade, when the agency, under the sponsorship of the US, presided over a collective response to the crisis of the balance of payment of India in 1958, out of which there arose the first international foreign aid consortium (Kapur et al., 1997, p.188). In exchange for financial aid, India began to import food from the US
on a considerable scale at the end of the 1960s. Moreover, it was also obliged to carry out measures of commercial and industrial liberalization (Payer, 1974, p.170-183; Oliver, 1995, p.125-151; Gwin, 1997, p.207). In the middle of 1965, the Mission Bell report — led by the WB with the support of USAID and the Ford and Rockefeller foundations — recommended that the Indian government devalue its currency, eliminate various regulatory mechanisms in industry and agriculture, and focus on increased agricultural productivity, in the molds of the green revolution. Jointly, the US government, the IMF, and the WB promised foreign aid to induce the Indian government to apply these measures. While, for India, the adoption of this package had negative social and economic impacts, according to the WB Mission Bell introduced and reinforced a set of agricultural perspectives within the institution (Stern; Ferreira, 1997, p.599; Woods, 2006, p.73; Kirk, 2010, p.14-22; Kapur et al., 1997, p.390).

Despite the sectorial diversification and the extension of the WB’s activities in poor countries, the predominant vision within the institution about the general benefits resulting from economic growth did not alter. At the beginning of the 1960s, the belief in and about development was at a high, fed by an expansive post-war wave which included not only Western Europe and Japan, but also Third World countries, although in a highly asymmetric form. The belief in the power of science and technology to remedy the evils of underdevelopment appeared to be unassailable (Rist, 2002; Escobar, 1996).

Generally speaking, the models of growth in vogue in American academia were in tune with the preaching in Washington that the Third World absorb more external loans and economic aid. The WB functioned as a sounding board for this idea. In the institution two intellectual coordinates predominated in the institution (Kapur et al., 1997, p.116-117; Stern; Ferreira, 1997, p.530-532). The former postulated that the distribution of income was concentrated in the initial states of the economic cycle and became less concentrated in the final stages, to such an extent that, after a rising phase sustained by economic growth, the trickle-down effect would come into effect, i.e., the gradual dripping of
income to the lowest strata of the social structure. Furthermore, the second coordinate assumed the existence of trade-offs between efficiency and distribution, for which reason distributive policies were seen as prejudicial to growth.

**The golden age of rural development (1968-1981)**

Robert McNamara’s assumption of the WB’s presidency profoundly marked the history of the institution. Evoking the connection between security and development as a directive of is administration, he stated that economic backwardness and the contradictions of modernization opened doors for radical ideologies. From this arose his maxim: “without internal development, at least at a minimum level, order and stability are impossible” (McNamara, 1968, p.173).

Strictly speaking, this approach was not new and had oriented applied programs with more or less vigor in Latin America since the beginning of the Cold War, such as Point IV, Community Development, and after 1961, the Alliance for Progress (Lancaster, 2007; Latham, 2000; Escobar, 1996). Its return in the 1960s was related to the recognition by the Washington administration of the failure of the predominantly military path followed by the US in Vietnam (Kapur et al., 1997, p.220). This was the reason for the Nixon administration’s support for multilateral assistance over bilateral, since the WB could raise funds and lend to countries seen as relevant from the US geopolitical point of view, but without attracting direct criticism for foreign policy and without the economic burden of bilateral programs.

When he took up the position, McNamara stated that the balance of the development of the Third World during the 1960s was ‘disappointing’ because the inequality of wealth between nations had increased and the greater part of the population of the planet lived in conditions of extreme poverty, despite increased economic growth rates in a large part of the world (McNamara, 1974). All of this implied a recognition that the so-called ‘trickle-down effect’ had not occurred. According to McNamara, it was no longer valid to suppose that the growth would
necessarily lead to the reduction of poverty. It was necessary to distinguish them conceptually and look at them in a separate and direct manner. On the other hand, McNamara always denied that the reduction of poverty occurred at the cost of growth, as stated by the immense majority of economists at that epoch (within and outside the WB), and insisted on the centrality of growth (Kapur et al., 1997, p.217).

The slogan of the ‘assault on poverty’ figured at the core of the discourse of the new administration. Under this name, the McNamara administration more than doubled the portfolio of WB loans. There was a considerable expansion in loans to the agricultural sector, and, to a lesser extent, for ‘social’ purposes, such as education, basic sanitation, nutrition, urban habitation, and family planning.

McNamara established annual loan targets for each country and defined that the efficiency of each member of staff be assessed according to the volume of funds involved in the projects under their responsibility. The imperative of ‘moving the money’ at any cost became in this way one of the most striking traits of the WB’s organizational culture.

As part of this expansive movement and the growing emphasis on the rural sector, the WB got the Ford and Rockefeller foundations to create an international network of agricultural research centers which spread the great revolution (Mason; Asher, 1973, p.574; Kapur et al., 1997, p.399). The initiative culminated in the creation of the Consultative Group on International Agricultural Research (CGIAR) in 1971. The four centers created during the during the 1960s were the initial foundation of CGIAR, which soon expanded with the creation of similar centers in numerous countries. As Goldman has shown (2005), the mesh of institutions linked to this network rapidly expanded and branched into the scientific, business, and international development aid environments, giving rise to a complex of power based on a specific type of production of knowledge. Thousands of technicians and scientists came to be trained by the CGIAR system and many of them later held important positions such as ministers and members of directorates of research centers and multinational companies. The exchange encouraged by CGIAR began to bring dollars to national research institutes
through partnerships with US universities, propelling the Americaniza-
tion of national agricultural systems. Formed by the triad of science-
companies-states, this network gained strong public and private support
and counted on numerous donors, notably for the WB and USAID.

The emphasis on ARD was, in turn, used by the WB to diversify its
sectorial portfolio to agricultural credit, the construction of dams, min-
ing, transport, agricultural machinery, and basic education and health
in the countryside. “Irrigation, drainage, and water administration” was
by far the principal ARD subsector funded by the WB in the 1950s and
1960s, and remained so in the 1970s. Most of the increase in agricul-
tural production in the Third World came from new or rehabilitated
areas. Raw material for the green revolution required a highly favor-
able hydrology and the WB fulfilled an inductive and catalyzing role in
this process. In most countries, however, irrigation presented serious
problems of equity. Large landholders frequently obtained preferential
access to water and tended to disproportionately benefit from public
channels. In the area of rural electrification, in turn, the funding came
with a demand for the charging of users. While in transport loans, the
WB encouraged governments to prioritize road transport (Kapur et al.,
1997, p.404-407). In relation to agricultural credit, most was channeled
to large commercial producers.2

The expansion of the WB portfolio was accompanied by investment
in economic research and the theme of poverty was put at the center
of the WB investigation. Until then, as a theoretical question, poverty
was practically ignored by the economic literature, figuring in a vague
and pejorative manner, frequently associated with charity and welfarism
(Finnemore, 1997, p.207). The word itself was not part of the current
vocabulary of the WB’s staff. In fact, the meaning of the ‘assault on
poverty’ was grafted on to the WB by the US government as a response
to the injunctions of the Cold War, and did not arise out of endogenous
institutional evolution (Kapur et al., 1997, p.222).

In that context, for the policymakers in Washington, the what altered the balance in all cases considered politically sensitive in the Third World were the peasants. For this reason, gaining the support of this group, or at least deactivating their social protests, was a priority. Samuel Huntington, in his classic about modernization theory, originally published in 1968, resumed this vision as follows:

For the political system, the opposition within the city can be disturbing, but it is not lethal. The opposition in the countryside is, however, fatal. Whoever controls the countryside controls the country. (...) If the peasants accept and if they identify with the existing system, this will provide a stable base for the system. If the peasant actively oppose the system, they will come to be the bearers of the revolution (...). The peasant can, thereby, play a highly conservative or revolutionary role (Huntington, 1975, p.302).

Moreover, the construction of this focus was unthinkable without questioning the ‘trickledown effect’ within the economic mainstream (Finnemore, 1997, p.208). Various sets of data supported this skepticism, linked to the demographic increase, the worsening of income distribution, and the limited growth of industrial growth. Some of the models in vogue led to the conclusion that growth and inequality were inseparable, and despite the idea that inequality would afterwards fall as development occurred, the debate increased about whether inequality would increase until such a point that would reduce poverty (Kanbur; Vines, 2000, p.88-92).

Something else that needs to be taken into account is the change in US foreign aid, resulting to a great extent from the criticism made in Congress about foreign policy, centering on the Vietnam War (Ayres, 1983, p.9). This explains the approval in 1973 of the Foreign Assistance Act. Based on the idea of ‘basic needs,’ the new directive focused on the reduction of ‘extreme poverty’ through the concession of credit to increase the productivity of small farmers. These directives had an impact on McNamara’s search for greater coherence between his exalted pro-poor rhetoric and the effectiveness of projects with this purpose.
With direct roots in the cold war, the ‘assault on poverty,’ still lacked two important elements in those years: a theory and a means of reproducing and assessing it. Internally, a decisive step was the definition of ‘absolute poverty’ as a unit of analysis and operational criteria (Kapur et al., 1997, p.239). This was consolidated in the 1972-1973 period, culminating in 1974 with the publication of *Redistribution with Growth*, coordinated by Hollis Chenery, head economist of the WB. Thus the focus on the *poverty-oriented approach* was born. McNamara’s 1972 speech was a landmark in this change:

When the privileged are few and the desperately poor are many, and when the gap between both groups deepens instead of falling, it is only a question of time until it is necessary to choose between the political costs of reform and the political risks of rebellion. For this reason, the application of policies specifically aimed at reducing the misery of the poorest 40% of the population in developing countries is advisable not only as a question of principle, but also of prudence (McNamara, 1972, p.31).

In a speech in Nairobi in 1973, McNamara mentioned again the poorest 40%, but differentiated relative and absolute poverty. This novelty gave operational support to the identification of ‘foci’ of absolute poverty in the rural environment, which was to be ‘attacked’ through rural development projects (RD) which would fund the use of technological packages by landholders. In other words, what was involved was the implementation of a ‘small green revolution’ among part of the peasantry (Feder, 1976), in order to increase land productivity, expand market relations in the rural environment, reduce poverty, instill the sense of private property and, with all this, to engender an environment unamenable to ideologies considered ‘radical.’ The concentration of landholding was taken as something to which projects had to accommodate. In addition, McNamara proposed the holding of small and mid-sized rural work programs to create low cost temporary employment in the countryside for the increasing contingent of landless workers.
Redistribution with Growth, published the following year, gave the WB a theoretical approach which allowed it more efficiently sell its new product, by instituting absolute poverty and the target groups as legitimate operational categories for public policies. Strictly speaking, the book prescribed an incremental type distributive strategy, to the extent that it was limited to the distribution of part of economic growth (income and new assets) through projects and programs funded by taxation and external debt. In thesis, these actions would stimulate the increase of poverty of the poorest, as their income would increase through their atomized insertion in the market. However, the stock of wealth would remain untouched.

In broader terms, the book helped to construct the foundations of a povertology, a type of ‘science of poverty’ designed to instrumentalize international development aid and the creation of public policies. In this way the growing engagement of the WB in the production, compilation, and dissemination of economic indicators, and methodological references contributed to affirming and amalgamating ideas and practices about poverty as a singular, measureable, and quantifiable phenomenon. At the same time, the WB connected with other multilateral agencies and national research and planning institutions, disseminating its expertise and thereby gradually defining the legitimate terms of the debate about the theme.

The thesis that the overcoming of rural poverty would occur through the increase of the ‘productivity of the poor’ assumed that only those not involved in productive and profitable activities lived in poverty. Poverty was seen as an intelligible phenomenon in itself and as a product of exclusion from development, and not as one of its results. Put in this manner, the ‘fight against poverty’ appeared to be self-explanatory and legitimate in itself.

After Nairobi, the McNamara administration pushed ‘poverty orientated’ projects. After the promotion of agricultural and livestock activities (under the general heading of agriculture), the reduction of extreme poverty was the second objective of WB sectorial policies in the 1970s (Kapur et al., 1997, p.412). Projects with this purpose in the countryside
were labelled as RD (Rural Development). With an emphasis on increased land productivity and crops with a greater added value, these projects aimed to fund parts of the landholding peasantry who had greater potential productivity and debt capacity, although they were considered poor from the point of view of monetary income. None of them was designed to reach landless peasants, nor aimed at sharecroppers or other forms of land use, such as those considered as *posseiros, parceiros, meeiros*, and *arrendatários* in Brazil (Van de Laar, 1976, p.840; Lipton; Shakow, 1982, p.17). In other words, they did not consider or were not even aimed at reaching the “poorest among the poor” in the countryside (Ayres, 1983, p.102), much less at redistributing income and wealth.³

In the guide document about the question published in 1975, RD was conceived as a set of activities which extrapolated a specific sector and had the aim of increasing agricultural productivity, employment opportunities, and income levels of the target population (in conditions of absolute poverty), and also to improve food, housing, and basic health and education to minimally acceptable standards.⁴ However, according to an audit by the Department of Operation Assessment from the WB itself, the institution’s specialists in practice defined RD projects as those in which at least half the direct future beneficiaries were below the line of poverty.⁵ In other words, instead of a concept which combined diversified actions and sector and subsector targets within a geographically defined area, a definition of RD was adopted based on the strict calculation of poverty. The implementation of a single and simple path was the most efficient manner of responding to the institutional pressure to ‘move the money’ quickly and thereby increase the number of loans and the RD share in the total ARD (Kapur et al., 1997, p.414). This fed a ‘façade’ procedure, through which numerous traditional infrastructure

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⁴ WORLD BANK. *Desarrollo rural*. Washington, DC, 1975, p.4.
projects were relabeled so that they could fit into the practical definition of RD. In this way, according to the abovementioned audit, the assessment of the real scope of the objectives defined in 1975 tended to suffer considerable distortion.

Acting as a credit wholesaler, the WB became the principal multilateral financier for ARD during the 1970s. Frequently, the speed with which loans were authorized was superior to states’ implementation capacity. This fed the neocolonial practice of the creation of special segregated authorities from the rest of the public administration, controlled by international donors. The assembly of these bureaucratic niches contributed to fragment and duplicate the public machinery (Van de Laar, 1976, p.845). In a few years, amongst other reasons due to the incapacity to establish connections with the rest of the administration, these enclaves became counterproductive, in particular in Africa (Lacroix, 1985, p.14; Kapur et al., 1997, p.414).

According to the sectorial strategy of 1975, RD signified pursuing a connected set of targets in specific territories. In this sense, area development projects represented the core of this proposal. To a large extent, it was these projects which the WB began to call “integrated rural development” (IRD) (Lacroix, 1985, p.8-11). For whatever reason, after Nairobi the WB pushed forward the approval of area projects at an unparalleled velocity.

In general, IRD projects were guided by a bureaucratic and homogenized vision of the social world, without any flexibility to adapt its components to local diversity without the participation of the supposed beneficiaries (Galli, 1979; George, 1978; Lappé; Colins, 1982; Payer, 1982), as internal assessments concluded (Lacroix, 1985).

Strictly speaking, little is known about the socio-economic results of the IRD projects. The mission of assessing them was the responsibility of the WB and individual governments, to whom this practice was not

6 WORLD BANK, 1988, p.xiv.
habitual, because, amongst various reasons, the social pressure for them to do this was non-existent or insignificant. Nevertheless, according to an assessment of the WB itself, the projects had a “very limited impact” and a striking bias in favor of “famers with a greater production potential” (Lacroix, 1985, p.14-24). Furthermore, considering the directives of the WB in relation to ‘poverty orientated’ RD prescribed in 1975, the appropriation of resources and benefits by social groups distinct from ‘target groups’ can be estimated as significant. Literally:

In many countries, avoiding opposition from powerful and influential sections of the rural community is essential if the program is not to be subverted from within. Program design must take into consideration the existing social system if lasting benefits for the poor are to be achieved. Thus, in cases where economic and social inequality is initially great, it is normally optimistic to expect that more than 50% of the project benefits can be directed toward the target groups; often, the percentage will be considerably less (World Bank. Desarrollo rural. Washington, DC, 1975, p.40).

Between 1976-1979, the WB was also involved in the debate about ‘basic social needs,’ launched by the International Labour Organization (ILO). Internally, which needs were actually ‘basic’ were discussed, as well as how to justify them in terms of cost-benefit and how to know if growth would not be prejudiced (Ayres, 1983, p.85-89). The debate did not go anywhere and little was translated into projects (Kapur et al., 1997, p.265-267). However, its most important consequence was the consecration of primary health and education as priority and fundable areas. The WB continued in this line, subordinating them to the idea of the ‘fight against poverty.’ At the end of 1979, the institution began to authorize loans exclusively for health. Meanwhile the concept of human capital was belatedly enthroned in its educational agenda. In 1980, the World Development Report (WDR)* anointed the two new priorities in

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8 This has been the WB’s most important annual publication since 1978. It is a political document.
the social area. Outlined here were the central coordinates of a model of social policy which began hegemonic a decade later, based on the formation of human capital and the provision of social minimums by the state.

**STRUCTURAL ADJUSTMENT AND ARD (1981-1994)**

The beginnings of the Thatcher and Reagan administrations between 1979-1981 led to a radical neo-liberal/conservative lurch in the global scenario. Once this New Right achieved power, due to the end of the expansive wave of the post-war international economy since 1973, the recovery of economic growth and private profit involved the demolition of the *Welfare State* and the liberalization of national economies. In the case of Latin America, US pressure would be reinforced after the explosion of the foreign debt crisis in 1982, the culminating point of a process of indebtedness with American banks, practically with the connivance of the IMF and the WB (Woods, 2006; Babb, 2009). The debt rapidly was converted into an instrument to discipline in series the economic policies of debtor countries, according to the emerging neoliberal creed.

At that time the WB’s actions consisted of securing the ‘structural adjustment’ as the means necessary for the adaptation of indebted countries to the new conditions of international economic policy. The expression designated a new form of loan from the institution which commenced in 1980, with a rapid disbursement and aimed at policies not projects.

The scope of the conditions granted by the WB and the IMF varied according to the decisions of the principal actors involved in the administration of the crisis. Between 1982-1986, the aim of adjustment programs was short-term macro-economic stabilization, leaving mid and long term political reforms in a secondary position.

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which transmits the institution’s principal message about key subjects, though under the appearance of better technical research. WORLD BANK. World Development Report. Washington, DC, 1980.
Questions such as debt pardoning and the social impact of the adjustment became taboos within the WB. In the middle of the Thatcher-Reagan era, WB research was redirected to state defects, market efficiency, and the contraposition between equity and efficiency. Exponents of Development Economics were replaced by names associated with neoclassic mono-economics, such as Anne Krueger (Stern; Ferreira, 1997, p.598). The doctrinaire and operational center of the WB came to be the promotion of radical economic liberalization. Concern with the reduction of poverty became unfashionable.

The doctrine of state ‘disengagement’ was strong in the sectorial composition of the WB portfolio. After 1986-1987, loans from ARD was drastically reduced. Amplifying criticisms which had been made since the end of the 1970s, the 1986 WDR stated that in general the traditional instruments of agricultural policy (such as minimum prices and subsidies for raw materials) linked to the import substitution model compromised economic efficiency. More serious than this: according to the influence paper by Krueger, Schiff, and Valdés (1991), indirect interventions in the agricultural sector (such as tariff and non-tariff import barriers and the currency overvaluation) configured an ‘indirect taxation’ which penalized the sector. To end the urban bias and the ‘discrimination against agriculture’ of economic policies, governments needed to reduce the ‘distortions’ in the prices practiced in the internal market in relation to the external market.

Under the auspices of the policy analysis, the new sectorial strategy invoked more the macro than the microeconomics of agricultural administration, as occurred in the 1970s. A new profile of analytical work gained projection and its interface tended to be more related to ministers of the economy than agriculture and food. Analyses for ARD loans came to be made by specialists in macroeconomics (Kapur et al., 1997, p.428).

Adjustment loans impacted strongly on the agriculture of client states, cutting subsidies and other transfers, and increasing the costs of imported raw materials. According to the WB,9 the macroeconomic

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adjustment was simply good and necessary for the long term health of agriculture.

To the extent that the recessive effects provoked by the macroeconomic adjustment programs accumulated in various countries, there emerged a concern with the political sustainability of the ongoing process. Until then the official discourse had been that the adjustment was ‘good for the poor,’ since it would directly benefit them — and not just indirectly through the ‘trickle-down effect’ (Kapur et al., 1997, p.353). This discourse changed in 1986-1987, when the WB began to admit the occurrence of ‘social costs.’ Since then the adjustment began to require social compensation programs to alleviate in a selective and short-term manner, the regressive impact on parts of the population, both in cities and in the countryside.

At the end of 1989, the principal forces pushing for international economic liberalization held a meeting in the US capital to assess the results achieved and plan the next steps. The package of ten economic policy reforms became known as the Washington Consensus (Williamson, 1990). Intertwined with the end of the Cold War, this decalogue expressed the convergence between the neoclassical mainstream, the US government, and the interests of Wall Street (Guilhot, 2005, p.197; Babb, 2009). Rapidly, the WC was converted into a transnational political paradigm, centered on the liberalization of the world economy and the reorientation of the state as the provider of rules which assured the profit of private business.

In relation to ARD, the WB decisively induced the restructuring of the agricultural sector in client countries through the conditions of adjustment loans (Meerman, 1997). The organization thereby concentrated on promoting commercial liberalization, dismantling public RD research and technical assistance agencies, ending the provision of agricultural credit, and the privatization of the agrarian structure (above all in Eastern Europe and the former USSR). The RD agenda was abandoned during the first half of the 1990s in the name of the

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10 WORLD BANK, 1997.
macro-economic adjustment, commercial liberalization, and the privatization of public companies and state owned farms. The socioeconomic impact of this set of measures was severe (Saprin, 2002).


In the middle of the 1990s, the WB returned to the RD question, advocating a new strategy whose central objectives was the promotion of agricultural economic growth and the reduction of rural poverty, to be achieved through the increase in land productivity and free trade. In this way the new strategy\(^{11}\) advocated a wider rural approach, which fully embraced productive agribusiness systems, overcoming the sectorial focus. Furthermore, it projected initiatives and mechanisms which committed the international aid industry to include RD in state assistance strategies. Finally, a new generation of agrarian policies were proposed which addressed questions linked to the possession and concentration of land.

The RD strategy stated that agriculture played a central role in the economic growth of poor and mid-income countries, and that the increase in the offer of foodstuffs should primarily come from technological advances, and not from an increase in the area planted or irrigated, due to the growing scarcity of agricultural land and water. The obstacle to this process, according to the WB, resided in institutional structures and agricultural policies which discriminated against the rural sector, underinvested in technology, maintained inadequate structures, condemned agricultural lands to low productivity crops, undervalued natural resources, underinvested in education and health, discriminated against private sector initiatives, and failed in maintaining or investing in rural infrastructure. Unless these policies, institutions, and models of public expenditure were corrected, there would be no increase in agricultural supply. Therefore, state reform was imposed which could

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\(^{11}\) WORLD BANK, 1997.
eliminate inefficiencies and distortions on the functions of land, credits, goods, and services markets. According to this perspective, the state was only responsible for establishing the rules of the games, correcting possible market failures, and providing public goods, (whose funding did not interest the private sector). Based on these general lines the WB\textsuperscript{12} defined specific RD strategies for Central and Eastern Europe, Africa, Asia, Latin America, and the Caribbean.

Furthermore, the new approach started with a revision of the previous focus. According to the institution it was necessary to improve the performance of RD projects, after the ‘failure’ — recognized as such by the WB\textsuperscript{13} itself — of the large majority of initiatives in this area in the 1970s. To a certain extent this failure had disoriented the WB in this area, for which reason since the middle of the 1980s it had only been implementing occasional actions, not linked to any more wide-ranging approach. Unlike the projects in the past, seen as excessively centralized, implemented from top down, and based on the role of the state as a provider of credit and services, the new approach, the new approach prescribed the holding of public-private partnership between state, companies, and NGOs for the ‘good governance’ of RD projects and programs. Furthermore, greater participation of beneficiaries in project management aimed at the reduction of rural poverty, to be implemented in areas with a high concentration of poverty and the potential of political instability, such as Southern Mexico (Chiapas) after the Neo-Zapatista uprising in January 1994, the Northeast of Brazil, and Guatemala.\textsuperscript{14}


\textsuperscript{13} WORLD BANK. \textit{Effective Implementation: Key to Development Impact}. Washington, DC, 1992; \textit{WORLD BANK, 1997}.

\textsuperscript{14} WORLD BANK, 1997, p.13.
The theme of ‘good governance’ entered the WB vocabulary in 1989, while in 1992 the first specific bulletin about it was published, focused on the message that institutional engineering and the quality of public administration were crucial to macroeconomic adjustment. Governance was defined as the “manner in which power is exercised in the administration of the social and economic resources of a country for development.”\textsuperscript{15} For the creation of an environment suitable to the freedom of capital, ‘solid’ economic policies were not enough, it was also necessary to adapt the legal frameworks and improve the quality of public administration and governmental action as a whole. The thesis that the efficiency of public administration depended on the connection between state and civil society was moved to center stage. However, civil society was taken as a synonym of only private foundations, voluntary associations, and above all, non-governmental organizations (NGOs).

Praise of the role of NGOs in good governance materialized in the operations of the bank itself. In effect, the entrance of NGOs in the institute’s project cycle had continually grown during the 1980s, reaching almost half of its projects in 1994. To a great extent, this process resulted from the growing permeability between the NGO field and the international aid industry and was fed by the structural adjustment, but it opened space for those NGOs prepared to perform functions torn from state in the social and environmental areas (Davis, 2006; Dezalay; Garth, 2002). To survive and prosper in an increasingly competitive market — the international market of social project administration and consultancy —, activists converted themselves into specialists in laws and ‘responsible practices,’ accrediting themselves to negotiate the raising of funds in increasingly globalized political and business circles (Guilhot, 2005, p.215).

The ‘good governance’ agenda became possible due to the increased use of structural adjustment loans, which gave the bank instruments to reform the institutional infrastructure of client states, and due to the combination of the end of the Cold War and the euphoria of financial

globalization, which eliminated the political constraints on the United States and other donors by violating in practice the national sovereignty of countries in the global south. Governance came to be the general slogan which brought together the policies, techniques, and knowledge necessary to propel and direct social change within states without the exercise of direct political control (Williams; Young, 2007, p.216).

In relation to the new agenda of agrarian policies, the WB was concerned with the dual targets of promoting the conversion of rural land into merchandise and the relief of rural poverty. For this reason, it concentrated its actions on four objectives: a) stimulating commercial purchase/sale relations and the leasing of land; b) accelerating the privatization of property rights of public, common, and collective land; c) overcoming the informality of land markets, encouraging private ownership; d) ensuring access to land as a poverty relief mechanism in occasional situations. To put this agenda into practice, the WB launched two large initiatives: on the one hand, the promotion of new land administration mechanisms; on the other, the implementation of market-assisted land reform.

The first initiative sought to translate the neoliberal state reform agenda to the sphere of landholding administration, prescribing the municipalization of agrarian policy instruments and the creation of public-private mechanisms and institutional arrangements. In practice this demanded simultaneous changes in the political-administrative, judicial, and taxation spheres.16

In the political-administrative area the WB advocated the mounting of a structure capable of: a) guaranteeing the security of property rights and land use, in order to simulate the flows of national and foreign private capital to the rural economy; b) formalizing land markets through private land ownership programs; c) unifying information related to the distribution and legal situation of rural establishments; d) quickly providing the information necessary for land markets transactions; e) lowering transaction costs through informatization and the bureaucratic

simplification of land registration; f) rapidly reducing or controlling tensions in the countryside, through local agencies and institutions. In this structure, the functions of formulation, decision, and coordination were under strict federal control, while implementation was to be decentralized and linked to public-private arrangements (Deininger; Feder, 2002).\textsuperscript{17}

In the judicial sphere, the WB preached the immediate revision of agrarian legislation in force, in particular in those countries which had carried out agrarian reform, since this legal context, by legally preventing or limiting the leasing or sale of land, hindered the functioning of land markets. The so-called ‘reformed sector’ was to be the first to have its lands commercially transacted in formal markets.

In relation to taxation, the WB\textsuperscript{18} prescribed the municipalization of rural land taxation, as a form of funding municipalized land administration and increasing agricultural productivity. On the other hand, the WB discarded progressive taxation of landholdings.

According to the WB,\textsuperscript{19} these actions would make land markets so dynamic that there would be a replacement of ‘less efficient’ producers by ‘more efficient.’ Since land could be given as a guarantee for obtaining bank loans, there would be an attraction of private capital to the rural economy and the growth of rural financial markets.

As well as this set of agrarian policies, the WB brought back the question of agrarian reform, but this time in clothing coherent with the neoliberal adjustment. Involved here was the proposal of market assisted land reform (MALR). Latin America was the region with the greatest incidence of this model. Implemented in different formats, it commenced in 1994 in Colombia and South Africa in 1995, soon extending to Brazil (the most significant case) and to Guatemala. Within a decade various other countries (Honduras, México, El Salvador, Filipinas, and Malawi)

\textsuperscript{17} WORLD BANK, 2003.
\textsuperscript{18} WORLD BANK, 2003, p.12.
\textsuperscript{19} WORLD BANK, 2003; WORLD BANK. Llegando a los pobres de las zonas rurales – Estrategia de desarrollo rural para América Latina y el Caribe. Washington, DC, 2002.
had already practiced experiences associated with it (Pereira, 2010; Borras Jr., 2007).

The preparation of the MALR proposal was motivated by at least four reasons. The first was that, for the WB, the end of the Cold War constituted an opportunity to deal in a supposedly unideological manner with the problems associated with the concentration of landholding (Deininger; Binswanger, 1999, p.248). According to this vision, unlike the 1960-1970s, when the idea of agrarian reform was associated with some revolutionary ideal, in the post-war period it was possible to deal with agrarian issues in a ‘pragmatic manner.’ The WB had, thus, to take advantage of this opportunity, offering ‘technical’ solutions for the tensions in the rural environment caused or aggravate by the adjustment.

The second reason was related to the disruptive potential which a possible increase in agrarian conflicts could cause (Binswanger; Deininger, 1993). Its principal sectorial report systematized a decade of reflection about the issue and gave special attention to the need to construct mechanisms aimed at avoiding or reducing the impact of agrarian conflicts, since this would feed not only judicial insecurity and disinvestment, but also the undermining of the legitimacy of governments and even states.20

Next, the third reason was related to the discussion about the ‘fight against poverty’ in the international arena, due to the socially regressive impact of adjustment policies. In the debate about the most suitable instruments to implement this loan, part of the discussion came to emphasize income generation through changes in the productive sphere, to be made feasible through the distribution of assets (land, for example) as a cheaper and more effective means (De Janvry; Sadoulet, 2001).

The fourth reason was related to the involvement of the WB with the transition of Eastern European societies to neoliberal capitalism. Various documents revealed that the privatization of the landholding structure occupied a central place in the strategy employed by the WB in

20 WORLD BANK, 2003, p.164.
those countries during the 1990s, including appearing as a condition for adjustment loans jointly conceded by the IMF, in particular in Russia.\textsuperscript{21}

To legitimize MALR, the WB carried out a dual operation: on the one hand it criticized what its own economists called state-led land reform; on the other it tried to get MALR accepted as a new modality of agrarian reform, stripped of all the supposed ‘defects’ of past experiences and coherent with the imperatives of liberalization. While the former model of landholding actions was seen as ‘coercive’ and ‘confiscatory,’ since they were based on disappropriation, MALR was praised as ‘voluntary’ and ‘negotiated’ (Burki; Perry, 1997, p.95). With this dual movement, the WB at the same time continued to recognize the need for agrarian reforms to lessen the concentration of land ownership in highly unequal societies, but also negated any validity for a role of the state in terms of disappropriation and redistribution role of the state. In this way, MALR was enthroned as the most suitable model of land reform for global south countries marked by high levels of concentration of landownership, rural poverty, and social tensions in the countryside, in part worsened by neoliberal policies sponsored by the WB itself.

MALR’s basic principle was that of \textit{willing sellers/willing buyers}, according to which those who wanted to buy and sell could do so without political interference. In other words, MALR consisted of a land buyer-seller relationship between private agents funded by the state, responsible for providing a varied subsidy in socio-productive infrastructure and the hiring of private technical assistance services. The lower the price paid for the land (loan), the greater the subsidy available for investment, and vice-versa. Sellers were paid in advance in money at market prices, while purchasers assumed the full price (or most of it) of the land acquisition costs.

Historically, redistributive agrarian reforms had the aim of redistributing land, guaranteeing the social reproduction conditions of settled families and promoting the political protagonism of rural workers, confronting large landholders’ control over production and commercialization.

For all of the above reasons, its feasibility depended on the expropriation power of the state in relation to the private monopoly of land. As a national development policy, it implied the strengthening of the role of the state in the provision of credit, goods, and public services necessary for the living conditions of settled families and the increase in the productivity of settled farmers.

MALR’s assumptions were completely distinct from those of redistributive agrarian reform (El-Ghonemy, 2001; Borras, 2007). In the former, land was seen as a mere production factor, a commodity, a merchandise like any other. On the other hand, in the latter, land was seen in terms of its political, economic, and cultural weight, for which reason property rights more than anything else marked relations of power between classes and social groups.

What WB economists called ‘state led land reform’ lacked a theoretical and empirical consistency. Actually the object they criticized never existed, since it consisted of a caricature in which was concentrated all the supposedly negative characteristics of agrarian reforms carried out during the 20th century in very distinct societies. The WB’s discourse was not grounded on any analyses of social processes, determined by specific political and economic conditions, with forces of advance and retreat, but rather the mounting of a ‘model’ to which was attributed the responsibility for the supposed failure of the immense majority of agrarian reforms carried out around the world, which was anchored on the state, and not the market. In other words, criticism of the ‘disappropriation model’ was made in an abstract and homogenized manner, dislocated from the empirical analysis of social conflicts and the economic and political frameworks which defined the nature, degree, extent, rhythm, direction, and even the flow of agrarian reforms, always very heterogeneous among themselves (Fox, 1992; Putzel, 1992; Sobhan, 1993; Thiesenhusen, 1995; Borras, 2007).

Research on Latin America MALR experiences (Mondragón, 1999; Fajardo, 2014; Garoz et al., 2005; Pereira, 2010) allows the conclusion that these initiatives did not contribute to democratizing agrarian structure, nor was this their objective, since they were created to alleviate in a...
palliative and focused manner the socially regressive effects of neo-liberal policies. Moreover, they were unable to minimally meet the existing ‘demand’ for land, since they were stripped of the capacity to gain social scale due to prior payment in money at market prices. Implementation had the central objective of offering a politically conservative form of access to land due to the increase of social struggles in the countryside, maintaining intact the property structure in highly unequal societies.

**Conclusion**

During its first 60 years, the WB’s ADR actions went through considerable mutations. From a slow and modest beginning, the institution became the international champion in this question in the 1970s, converting itself into a force for the induction and catalyzation of initiatives aimed at the modernization of the technical foundations of agriculture and the growing Americanization of national agro-food systems. This process had economic roots, but also political ones, due to the concern with peasant activism in the Third World. For this reason, RD projects followed the imperative of development as security.

From the beginning of the 1980s until the middle of the 1990s, the WB concentrated on the economic liberalization impulse, through loans for structural and sectorial adjustments. The ARD agenda was restricted to commercial liberalization and the dismantling of the institutionality created during the developmentalist era. Between 1980 and 1986-1987, the promotion of this agenda occurred with a renewed belief in the virtues of economic growth and the trickle-down effect, without paying any attention to the social costs of the adjustment. Afterwards, the institution gradually turned towards the political sustainability of the adjustment, starting ‘anti-poverty’ projects in the countryside based on the principle of focalization and the provision of social minimums.

From 1994 until 2003, the WB returned to ARD, based on a productivist vision centered on the technical foundation of agriculture. The principal obstacle to this process was, according to the WB, the persistence of institutional structures that were not suited to the free
market of credit, land, goods, and rural services. The redefinition of the role of the state in relation to the market set the tone to the WB’s conditions, adding to the macroeconomic adjustment (predominant between 1980-1994) a set of institutional type reforms. At the same time, according to neoliberal metapolitics — according to which privatizing and deregulating had a universal validity —, the WB placed on the RD agenda the land problem, preparing a new generation of agrarian policies coherent with the imperative of the liberalization of land markets. The return of the theme of agrarian reform was linked to this imperative and sought to offer some client states a solution for the social and political tensions in the countryside, resulting in the MALR proposal. Once again, political concerns with the prevention or deactivation of the social activism of landless peasants came to preside WB initiatives.

In general, it can be concluded that from the 1960s onwards, in different forms and with distinct levels of incidence, the WB fulfilled a relevant role in terms of formulation, connections, induction, and the catalyzing of transnational and national ARD policies. Its initiatives contributed to widening the social space for the valorization of capital in agriculture and accelerate the mercantilization of rural lands. This was always the principal aim of the WB and it was successful in this. On the other hand, the rural poverty reduction target, present in the trajectory of the institution with ups and downs since 1968, is difficult to measure and assess, even because RD projects have sought to preserve, instead of fight it, the concentration of land ownership — a determinant factor in rural poverty and inequality. The generation of new agrarian policies after 1994 did not intend to alter this model — to the contrary.

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