

Book Review

Gerry Rodgers, Roberto Véras de Oliveira and Janine Rodgers (2023) *Unequal Development and Labour in Brazil*. Abingdon: Routledge. ISBN 978-1-032-35392-0. 218pp. £120.00 (hardcover); £34.99 (soft cover); £31.49 (e-book).

Reviewed by
Stephen Pursey, Newcastle University, UK

Northeast Brazil has suffered persistent disadvantage. This book takes a historical institutionalist approach to explain the origins of the poverty of the region as well as analysing the effects of various policies aiming to narrow inequalities within the Northeast and compared with other regions. It is based on extensive research and case studies, with a particular focus on patterns of work and employment. Five chapters take the reader through the processes of uneven growth and development in the Northeast of Brazil, from colonial times to the present. This is positioned in the wider context of the country's economy and its international connections.

The opening chapter offers an overview and sets out the theoretical foundations and methodology of the authors. Drawing on regulation theory, among other theories, the volume highlights five institutional forms that play a central role in patterns of production and distribution: the monetary regime, forms of competition, integration with the international economy, the wage- labour nexus, and the role of the state. The authors find this approach revealing because it brings together economic and social relations in a single analytical framework addressing both macro- and micro-levels. The book draws on a long-running research programme at the Federal University of Campina Grande and the Federal University of Paraíba on production systems, economic sectors, labour markets and local development processes in Northeast Brazil.

The second chapter covers economic and social change in the region, from the colonial era through the end of slavery to the present, and its implications for work and employment. The region's structural inequalities have deep roots. From the late 1950s through to the 1990s, state- driven investment built a new industrial sector with large projects conducted by big companies. Its growth tracked the quickening pace of national development, in which a small segment of relatively skilled and well-paid workers expanded while overall inequalities remained wide. Agriculture declined and rural workers and their families migrated to the larger urban areas within the region and to the southern metropolises. A neoliberal period took over in the 1990s, marked by a shrinking role for the state, privatisation, and flexibilization of the labour market. Growth weakened in the region and the country, alongside significant changes in the structure of production and employment, notably the emergence of the tourism industry. Overall inequalities and informal employment declined modestly in the decade up to the 2002 election.

The presidents Lula da Silva (2003-2010) and Dilma Rousseff (2011-2016) launched a third period, changing the direction of policy to a new style of developmentalism. The Growth Acceleration Programme (PAC) emphasised job and income generation and was accompanied by social policies to support families, improve housing and access to energy, and increase minimum

wages. Growth improved until the global financial crisis and then resumed at a lessened pace. The Northeast did better than the rest of the country, narrowing the still-large gaps in per capita income. A second phase of neoliberal policies began in 2015 and continued under the presidencies of Temer and Bolsonaro. This coincided with a weakening of Brazil's growth, mainly due to declining international commodity prices. Unemployment and underemployment, already above average, and labour force participation deteriorated, while informal employment rose in the Northeast.

The heart of the volume is the third chapter, which focusses on the labour regime and the inequalities that derive from it. Three aspects are considered: labour regulation and worker organisation, employment relationships, and inequality of income, including with respect to gender and race discrimination. The Northeast is, in principle, part of a national system, but in practice it is seen to have its own characteristics. Brazil has an extensive labour code, but it does not cover all workers. Informal employment, where labour regulations may not be or only partially be implemented, is extensive. However, as the authors point out, informal labour practices are often regulated by social norms. They describe the evolution of the complex of labour market institutions from corporatist origins in the 1930s to the present. Power relations and patterns of behaviour are embedded, structuring work relations and differentiation in labour status.

Larger enterprises offer formal employment, whereas most informal employment is in smaller firms which account for the bulk of jobs in the Northeast. Following a detailed and disaggregated analysis of the changing structure of the Northeast's labour economy, the connections to inequalities within the region and to the rest of the country are drawn out. The fragmented and unequal labour regime provides protected wage employment to a little over a third of Northeastern workers. Unprotected wage work accounts for a little less than a third, and the remaining third is mostly informal, delivering very low incomes. In the rest of Brazil, about half of workers are in protected wage work. During the 1990s neoliberal policy phase, informal employment in the Northeast rose at the expense of protected wage work. This was reversed in the first years of the new developmentalist policies of the PT administrations, but the pattern has re-emerged since 2015 and 2016.

Following labour reforms introduced by the Lula administration, unionization rates increased in Brazil and the Northeast. Social programmes, improved minimum wages, the promotion of collective bargaining and new mechanisms for social dialogue increased the scope for unions to act to improve workers' living and working conditions, even during the economic setbacks following the global financial crisis of 2008/9. The share of women in union membership rose to 42 per cent in 2015, from 37.5 per cent in 2002. In the Northeast, unions were particularly concerned with reducing precarious employment. The situation changed radically in 2015/6 with renewed economic crisis and the change to a government with an agenda of weakening unions and reducing legal protections in the labour market.

Chapter 4, *Diversity in Production Systems and Labour Relations*, summarizes studies of the key industrial sectors in Northeast Brazil: sugar and ethanol; fruit growing; mining; garments; footwear; shipyards; construction; IT and call centres; app-based taxi-hailing; and automotive manufacturing. It provides a fascinating description of the way the factors analysed in previous chapters have played out in the different sub-regions where these sectors are located. Amidst diversity and change, the interdependence of large, capital-intensive firms and small and medium-sized family-owned firms, including farms, comes out clearly, as well as the significance of inequalities in the labour regime. Despite advances in labour rights in the period up to 2014, continuing structural inequalities in the employment system are deep-seated.

An excellent synthesis of the evidence and analysis in the book follows in Chapter 5, which also looks ahead to the prospects for the region after the devastating impacts of Covid-19. The pandemic exposed deep flaws in current and past growth paths which are more acute in the

Northeast than in the rest of Brazil: inadequate investment in health, education and social security; an excessive emphasis on heavy, capital-intensive industry; neglect of smaller businesses and the informal economy; and a failure to engage a broad range of social actors. Recurring crises have resulted in the most vulnerable working populations being left behind. The authors return to their framework of institutional forms to seek to explain how and why these flaws persist. Seven policy issues are highlighted as critical to more inclusive development in the region: shifting the production system to foster innovative small local enterprises; building pathways out of informal production; a similar effort to ease transitions from informal work to formal wage employment; tackling embedded inequalities through, *inter alia*, strengthened social protection systems and minimum wages; a more pro-active state with an increase in the role of provincial authorities; investment in regional research and knowledge systems; and a more tailored approach to regional policy, identifying and supporting local strengths. A short postscript added after the election of Lula in October 2022 sees some scope for policies to move in this direction despite the deep divisions in Brazilian society and politics.

This book is a rich source of information and analysis for policy makers and academics on the roots of inequalities in Brazil and the ways in which improved institutions could shape a more inclusive and less volatile development trajectory. Written in an accessible style, general readers will also find it illuminating. Furthermore, the analytical framework used is of great value to the broad field of growth and development studies and in particular the causes and potential remedies for inequalities. With their focus on how people earn a living and whether work provides for a decent life, the authors are able to integrate a wide range of economic, social and political factors into their analysis of inequalities within Northeast Brazil and between the region and the rest of the country. The clarity with which this complex interplay of forces is described is admirable. Whether Brazil can find a way forward to sustainable poverty-reducing growth and development is of critical importance in an interdependent world. This book tackles the right questions at the right time.

BIOGRAPHICAL NOTE

STEPHEN PURSEY is a visiting fellow at Newcastle University, and a former ILO official. [Email: skpursey@gmail.com or stephen.pursey@newcastle.ac.uk].