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Family Farmers, Solidarity, and Exchange Rate Preferences in Southern Brazil

A Thesis submitted in partial satisfaction of the requirements
for the degree Master of Arts

in

Latin American Studies

by

Michael S. Ferrari

Committee in charge:

Professor Scott W. Desposato Chair
Professor J. Lawrence Broz
Professor Juan Pablo Pardo-Guerra

2023

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University of California San Diego

2023

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LIST OF ABBREVIATIONS

MST.....	<i>O Movimento dos Trabalhadores Rurais Sem Terra</i> The Landless Labor Movement
BRL.....	Brazilian Real
USD.....	United States Dollar
IPE.....	International Political Economy
OEP.....	Open Economy Politics
PRONAF.....	<i>Acessar o Programa Nacional de Fortalecimento da Agricultura Familiar</i> Access the National Program for Strengthening Family Agriculture

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ABSTRACT OF THE THESIS

Family Farmers, Solidarity, and Exchange Rate Preferences in Southern Brazil

by

Michael S. Ferrari

Master of Arts in Latin American Studies

University of California San Diego, 2023

Professor Scott W. Desposato, Chair

This thesis is an ethnographic case study of family farmers in the state of Santa Catarina, Brazil. I conducted my field research from July 2022 to September 2022, where I explored exchange rate preferences of family farmers. The location of Santa Catarina is important, given the predominance of family farmers in the state and their political engagement for the distribution of land. The exchange rate may be the most impactful pricing mechanism for any country. Some types of businesses may benefit from one type of exchange rate policy while other types of businesses may not, possibly creating tensions among

different sectors in an economy. I chose to interview family farmers as the literature predominantly focuses on the manufacturing and finance sectors in developed countries, or only considers agricultural production that exports their crops. As such, this thesis argues for the disaggregation of the agricultural sector in the currency politics discussion. The exchange rate preferences of family farmers were somewhat mixed among organic and conventional family farmers. As my study continued, I spoke with a member of The Landless Labor Movement (MST) and observed family farmer solidarity that may have encompassed shared values and beliefs, which may have been exemplified by a newly constructed public market. Further research regarding family farmer solidarity and exchange rate preferences needs to continue to be conducted. With this in mind, I conclude with possible paths for future research that utilize the sectoral framework and consider concepts from American and British International Political Economy, and Latin American and American development theories.

INTRODUCTION

I began my research on exchange rate preferences, wanting to contribute to the betterment of income distribution for individuals. This is due to my belief that the exchange rate is a powerful macroeconomic factor that dictates prices, which can then help improve living conditions (whether that be affordable healthcare, food, housing, or public works programs) in any country that is economically open to the international community. Such policies can often be the reflection of the interaction between institutions, sectors, interest groups, and citizenry. I ultimately decided to focus my field research on the exchange rate preferences for small land-holding farmers (Family Farmers)¹ in the state of Santa Catarina, Brazil for a variety of reasons. The first reason is regarding the agricultural sector and the rarity that agriculture is discussed in the currency politics literature. This absence in the literature results in under-appreciation for Family Farmers' contributions to their respective economies, as well as their ability to organize into political actors, which the currency politics literature discusses as a potential inability. A point in fact is the *O Movimento dos Trabalhadores Rurais Sem Terra* (The Landless Labor Movement, MST), which was founded in 1984. Additionally, 173,852 Family Farmers out of a total of about 183,066 farmers reside in the state² and cultivate approximately 14.47% of the *alimentos*³ that Family Farmers produce for Brazil. As such, Family Farmers in Santa Catarina play an integral role in ensuring Brazil's food

¹ H. Castello Branco, "LEI Nº 4.504, DE 30 DE NOVEMBRO DE 1964.," 4504 § (1964), 450, http://www.planalto.gov.br/ccivil_03/LEIS/L4504.htm#art28%C2%A71.

² Information compiled from IBGE 2017 Census "IBGE - Censo Agro 2017," IBGE - Censo Agro 2017, accessed April 23, 2022, <https://censoagro2017.ibge.gov.br/>.

³ Alimentos are defined as foods that provide nutritional substance. With this stated, I include Brazilian staples of corn, rice, manioc, black beans, and milk; compiled from the IBGE 2017 Agricultural Census. Alternatively, I would have liked to include horticultural products into this consideration for family farmers. However, the 2017 IBGE Agricultural Census does not include the detailed information between Family Farmer and non-Family Farmer, as it does with the included produce. Brazilian Family Farmers produce approximately 43.83% of alimentos compared with non-Family Farmers who produce 56.17%. "IBGE - Censo Agro 2017."

security. The second reason for studying Family Farmers in Santa Catarina is the level of development. One metric to measure this level is the Gini coefficient, which measures income inequality. Using this metric, Santa Catarina has the lowest level in Brazil at 0.40⁴. Development theories, like Sokoloff and Engerman present how initial factor endowments in colonies led to different concentrations of land ownership, which could then lead to inclusionary or exclusionary policy making by institutions, ultimately affecting the development of a country or region⁵. While initial factor endowments or the continuation of the feudal system is debatable in how land distribution came to be, Sokoloff and Engerman do provide a clear illustration of the landed elite favoring exclusionary policies, which then affect levels of development. This is perhaps most evident in the prevalence of distributed land and the level of development in Santa Catarina. Santa Catarina takes on added importance given how Family Farmers came to arrive in the state, as well as the continued engagement with the land-owning elite to distribute land in the *Guerra do Contestado* (Contested War) in 1912 and by the formation of the MST in 1984⁶.

Another factor indicating the importance of this study is the possible increase of economic openness (and therefore importance of exchange rate policies) that Brazil may have in the near

⁴ “Summary of Social Indicators | IBGE,” accessed May 11, 2023, <https://www.ibge.gov.br/en/statistics/social/population/18704-summary-of-social-indicators.html?edicao=29455&t=resultados>.

⁵ Kenneth L. Sokoloff and Stanley L. Engerman, “History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World,” *The Journal of Economic Perspectives* 14, no. 3 (2000): 217–32, <https://doi.org/10.1257/jep.14.3.217>.

⁶ As illustrated in depth in Chapter 3, as well as *Dependency and Development in Latin America* by Fernando Henrique Cardoso and Enzo Faletto.

future, given recent Law No. 179⁷ and Law 14.286⁸, with subsequent regulations 277⁹, 278¹⁰, and 279¹¹. This law and related regulations clarify the language for contracts to be written in foreign capital. This could potentially result in an increase of economic integration with the international community and exchange rate policies, facilitating that exchange.

The organization of my thesis is as follows. In *Chapter 1: Data Collection and Method*, I outline the nature of the research, details of the questionnaire, process for selecting interviewees and locations, rationale for asking the three questions of focus that are organized into chapters 4, 5, and 6, and the limitations that this study contains. In *Chapter 2: Literature Review*, I illustrate how the evolution of International Political Economy (IPE) to the sub-field of Currency Politics has moved away from the inclusion of agriculture. In doing this I therefore seek to reintroduce agriculture to the discussion, as well as disaggregate the sector itself, while also expanding the scope of study to include the Global South. My literature review is therefore divided into three sections. The first two sections of my literature review provide a brief history of International Political Economy (IPE) from the 1960's to about 2000 and contemporary works. The purpose of

⁷ This law grants full autonomy to the Central Bank of Brazil Jair Bolsonaro, “Complementary Law No. 179” (2021).

⁸ This law establishes new policies to standardize the Brazilian currency exchange market, allowing for domestic and foreign currencies to be exchanged without limitation, while also granting full regulatory power to the Central Bank of Brazil to “regulate the foreign exchange market and its operations, including swaps.”

Jair Bolsonaro, “L14286” (2021), https://www.planalto.gov.br/ccivil_03/_ato2019-2022/2021/lei/L14286.htm.

⁹ This resolution regulates purchase and sale of foreign currency, payments and international transfers, accounts in reais held by non-residents, accounts in foreign currency held in Brazil, gold-exchange instrument operations, .

Otávio Ribeiro Damaso, “BCB Resolution No. 277” (2022),

<https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o%20BCB&numero=277>.

¹⁰ This resolution regulates the flow of foreign capital, foreign credit, foreign direct investment in the country, and information that is to be provided to the Central Bank of Brazil. This regulation also states that the respective operations are free.

Otávio Ribeiro Damaso, “BCB Resolution 278” (2022),

<https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o%20BCB&numero=278>.

¹¹ This resolution regulates the flow of Brazilian capital abroad, allowing for the Brazilian capital to be conducted in any method in the international market. Otávio Ribeiro Damaso, “BCB Resolution No. 279” (2022),

<https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o%20BCB&numero=279>.

dividing the literature review into early and contemporary works is to show the dichotomy between the two periods regarding the inclusivity of the agricultural sector. The early period contains an abundance of insightful theories and not only includes but shows the importance of the agricultural sector in the analyses, whereas contemporary works in IPE focus on the manufacturing sector in the Global North.

I highlight a family farmer in *Chapter 3: Potential Origins and Observations of Solidarity in a Rural Community*, who expressed herself as a member of the MST. In doing so, I detail my observations of the values and beliefs that comprise the solidarity of the family farmers that I interviewed. The family farmer beliefs, and values will then be illustrated in the conversations I had with family farmers regarding exchange rate preferences, time-period preference, and influencing factor on capacity to operate their respective farms. I document the preferences and beliefs of family farmers regarding exchange rate policies in *Chapter 4: Possible Sectoral Divide of Preferences and Beliefs with the Exchange Rate*. In *Chapter 5: Preferences of Time Period and Everyday Resistance*, I discuss my findings in response to the question of whether there was a period that was easiest to operate their farms. The purpose of asking this was to confirm or refute the preferences discussed in *Chapter 4*. In doing so, I find that family farmers are always faced with challenges imposed by globalization and continually resist this imposing factor. In *Chapter 6: Most Influential Factor on Capacity to Buy and Sell*, I review what I learned from asking family farmers what they believe to be the most influential factor for their capacity to operate their farms from a choice between the exchange rate, economic plans, and government and government politics. Results from this chapter indicate attitudes that the government is the most influencing factor. *Chapter 7: Concluding Thoughts*, I provide my closing thoughts on my research, which include a summary of my research experience and potential paths for future research.

CHAPTER 1: DATA COLLECTION AND METHOD

As will be read in Chapter 2: Literature Review, contemporary IPE has moved away from observing agricultural interests. I therefore seek to re-introduce agricultural interests, within the context of the family farmer. My study is therefore exploratory and qualitative in nature, utilizing an ethnographic approach to better understand the perspectives and experiences of family farmers. I showcase the dialogue and therefore perspectives of the interviewed family farmers, while providing my observations of the responses and participants. However, these observations come with the disclaimer of the limitations of my observations stated in *Chapter 3: Observations of Solidarity in a Rural Community* and abilities later in this chapter. Further, I do not seek to identify any causal pathway as to how preferences of family farmers translate into policy. I rather share the experiences and preferences of family farmers; solely focusing on interests¹². Sharing the experiences and preferences was conducted by me observing participant behavior and using semi-structured interviews.

The questionnaire for the interview gathers background information like age, gender, ethnicity, education, and cooperative membership. All names included in my thesis are pseudonyms. My questionnaire utilized the Theory of Currency Policy Preferences¹³ as the framework for analysis. Questions falling within this framework sought understanding of beliefs of impact and preferences of the exchange rate, recent economic experiences that affected farmers capacity to buy supplies and sell products, as well as farmers attitudes on what factor most influences family farmers capacity to operate their farms. The questionnaire did go through a minor

¹² David A. Lake, "Open Economy Politics: A Critical Review," *Review of International Organizations* 4, no. 3 (2009): 219–44, <https://doi.org/10.1007/s11558-009-9060-y>.

¹³ Jeffrey A. Frieden, *Currency Politics: The Political Economy of Exchange Rate Policy*, Jeffrey A. Frieden (Princeton: University Press, 2015).

change between interview locations. As a result, only the revised questionnaire is shown in Appendix A.

This thesis did not include family farmers who produce livestock, use mixed (organic and conventional) agricultural methods, or who cultivate crops in areas zoned as urban, due to time constraints combined with the research design. However, this does not discount their importance in evaluating their exchange rate preferences, but rather serves the need to continue disaggregating agriculture in academic studies.

Of the twenty interviewees, seven identified as organic rural-producers, two as urban-organic, eight as conventional, two as livestock and one as both a conventional and organic producer. As stated above, five of the family farmers were not included in the study. Of the included family farmers, one resided in the coastal region of Santa Catarina and the remaining fourteen lived in the central region of the state. Further, the organic producers primarily produced horticultural products and the conventional farmers primarily produced soy or corn. Please see Appendix B for a table of all the family farmers interviewed.

The conversations with the livestock farmers, urban family farmers, as well as the family farmer who used both conventional and organic methods were insightful. However, the responses were not used for various reasons. I decided to not use the livestock and urban producers since government incentives could be different for them compared to corn and soy producers. This could in turn create different preferences. The reason for not using the responses from the family farmer that used both methods was inability to classify the farmer as either a tradable or non-tradable producer. The farmer produced a commodity, as well as purchased a commodity to use. However, this family farmer also used non-tradable supplies in his production. As such, this family farmer traveled between both worlds of being a non-tradable and tradable producer. There is insight to be

gained from such a family farmer, as often a family farmer may be using a combination of organic and chemical supplies during a transitional phase away from conventional and towards organic production. As such, a missed opportunity to better understand if exchange rate preferences and experiences with globalization factored in to such a decision to use both supply types.

I decided to evaluate organic farmers that produce horticultural products as it is traditionally thought that horticultural, or near-subsistence farmers, only grow crops for domestic consumption¹⁴. As such, this type of producer is known in the currency politics literature as a non-tradable producer. I also decided to evaluate conventional soy and corn family farmers, as family farmers that purchase conventional supplies and sell corn and/or soy produce do so in a globalized environment. This is due to the fact that the supplies purchased and the crops sold are commodities priced in the US Dollar and bought and sold through international markets. As such, this type of family farmer is known in the currency politics literature as a tradable producer.

The selection for the specific locations and specific interviewees were based on the availability and willingness of the interviewees. The farmer in the coastal region was a close friend of my colleague, where they had worked together in local farmers markets. The remaining fifteen family farmers were contacted either through a university that was in the state or by an additional contact who worked for a state agency.

Márcia, whom I had met in the coastal region of Santa Catarina, Brazil, had accompanied me throughout all the interviews. She facilitated the interviews by asking the questions. The reason for this was due to my lack of proficiency in Portuguese. As such, I would not have been able to conduct any interviews without her. However, my lack of proficiency in Portuguese and Márcia's different academic background somewhat limited the effectiveness of the interview responses.

¹⁴ Frieden, 200.

This became apparent while transcribing the interviews. There were times in the interviews where I could have asked a question pertaining to the topic in that moment. However, I did not fully understand the conversation and I therefore could not follow-up with the interviewee. Another possible limitation could have been the fact that I was not Brazilian and so the responses from the family farmers may have been modified based on whether they knew or thought that I was American. My observations of the values, beliefs, and attitudes I describe in Chapter 3: Observations of Solidarity in a Rural Community were also limited due to the above reasons and also the relatively short amount of time I spent with the family farmers.

The contacts who organized the interviews attended some of the interviews. The contact I had met who worked for the state agency attended six of the interviews with the conventional family farmers. The contact who worked at the university attended four of the interviews; three were with the conventional family farmers and one was with an organic family farmer. There was no observed influence that took place during the interviews. However, this does not rule out the possibility that the interviewed family farmers did not change their responses because of the presence of the contacts. Alternatively, there were times when some of the conventional family farmers would turn to the contacts for help in understanding a question about the exchange rate. During these instances, the state worker would clarify the question. The university worker would also repeat the questions related to the exchange rate, or ask alternative questions to develop the conversation and responses from the family farmer but never asserted their views. With this said, both contacts were extremely helpful in organizing the interviews and this research could not have been conducted without the insights, warmth, and willingness of the contacts I made while in Santa Catarina, Brazil.

Interview Questions of Focus

There were three questions that were asked during the interviews that I have organized into chapters. These questions concern the impact and preferences of exchange rates, time-period preference, and beliefs on most influential factor affecting capacity to buy and sell.

The questions relating to the impact and influence of exchange rates were asked with two purposes in mind. The first purpose was to better understand if family farmers perceived an impact in their capacity to operate their farms from changes in currency policies. Further, I wanted to understand if there was a preferred currency policy. As is written at length in *Chapter 4: Possible Sectoral Bifurcation of Preferences and Beliefs of the Exchange Rates*, the belief that the exchange rate impacts organic family farmers is somewhat mixed and almost entirely unanimous for the conventional family farmer. The second purpose was to better understand what the experiences of family farmers were from the perceived impact from changes in the exchange rate. The rationale behind this purpose was to observe real world experiences resulting from macroeconomic policy.

The purpose of asking if a family farmer preferred one time-period over the other was to find out if exchange rate preferences aligned with historical policies of the exchange rate. The majority of the family farmers who were asked this question had responded that the years around 2012 were the best time period. However, the reasons for this period varied and did not include references to the exchange rate, as farmers could not remember the exact policies from 2020 and prior. However, preferences for the time periods were more based on the perception of overall availability of resources (without remembering the specific resources themselves). The failure of remembering the exact exchange rate policies could be from the unreliable nature of memory itself. As such, this chapter may provide some insight into what family farmers may have preferred during different time periods however, it cannot be relied on for historical accuracy. For example,

one family farmer preferred 2022 because he operated his farm from a place that he thought was financially safe, while a different farmer who also preferred 2022 took a somewhat approach to his response to the question.

While exploring how the experiences of exchange rate preferences inform or shape resulting preferences provides great insight into how a somewhat abstract policy impacts the lives of family farmers, it is also worth exploring what the most influencing factor is believed to be for the family farmer. *Chapter 6: Most Influential Factor on Capacity to Buy and Sell* explores factors like government economic programs, government policies and politics, and exchange rates. The importance here is to gain a better understanding of how family farmers view the socio-economic political structure within Brazil that impacts them. The implications from this explanation could better explain why some family farmers express more concern on domestic economic issues, political discussions, or impacts from globalization.

The results from this question were somewhat mixed. However, there may be somewhat of a trend that leans towards government policies and politics. The reason for this is that some family farmers framed their responses in an economic format. However, the examples they used had illuminated a certain trend of the government towards globalization at the expense of the family farmer; especially the family farmer who produced domestically. Alternatively, there were also some family farmers who had felt that government policies had benefited them. As such, the results to this question are somewhat mixed.

My literature review will begin with a brief history of International Political Economy (IPE), beginning in the 1960's; a period where insightful thought and collaborative discourse in emerged and founded contemporary works. This first section reviews the three main theories during this period: Dependency theory, Hegemonic Stability Theory, and Domestic Interests. I will be conducting the taxonomy to trace the evolution of theory and focus of empirical observation of IPE within the American school of thought. A review of contemporary literature will follow, also showing current theory and focus of empirical observation. This next section, IPE Today, covers the predominant frameworks and criticisms in Open Economic Politics (OEP) while also focusing on the two prominent analytical frameworks within currency politics: Jeffrey Frieden's Sectoral Analysis and David Steinberg's Conditional Preference Theory. By reviewing the progression of earlier works of IPE to currency politics in the OEP paradigm, I show the trend of empirical observation in research leading away from the inclusion of agricultural interests and labor towards manufacturing and financial interests, and "elites", respectively. In doing so, I argue that current research can benefit to returning to the scope of its predecessors by disaggregating agriculture and better understanding its preferences.

CHAPTER 2: LITERATURE REVIEW

My literature review will begin with a brief taxonomy beginning in the 1960's; a period where insightful thought and collaborative discourse in International Political Economy (IPE) emerged; founding contemporary works. This first section reviews the three main theories during this period: Dependency theory, Hegemonic Stability Theory, and Domestic Interests. I will be conducting the taxonomy to trace the evolution of theory and focus of empirical observation of IPE within the American school of thought. A review of contemporary literature will follow, also showing current theory and focus of empirical observation. This next section covers the predominant frameworks and criticisms in Open Economy Politics (OEP) while also focusing on the two currently prominent analytical frameworks within currency politics: Jeffrey Frieden's Sectoral Analysis and David Steinberg's Conditional Preference Theory. By reviewing the progression of earlier works of IPE to OEP, I show the trend of empirical observation in research leading away from the inclusion of agricultural interests and labor towards manufacturing and financial interests, and "elites", respectively. In doing so, I argue that current research can benefit to returning to the scope of its predecessors by disaggregating agriculture and better understanding its preferences.

IPE from the 1960's to Today

Throughout the 1960's and 1970's there were three theories that proliferated within the field of IPE. The context of these discussions was primarily about trade and not the political economy of exchange rates. However, these theories established the foundation for today's critical thought and are therefore included in this literature review to provide this foundation and further context as to how the political economy of exchange rate policies and more specifically, exchange rate preferences fit within the overall discussion in IPE. The discussions occurring within IPE around this time were on Dependency Theory, Hegemonic Stability Theory, and Domestic Interest Theory.

According to Fernando Henrique Cardoso and Enzo Faletto in *Dependency and Development in Latin America*, the manner in which a country that was considered to be in the periphery, or rather, situated in the Global South was a function of “countries social structures [that] reflect the double edge of the economic system: its external links and internal roots.”¹⁵. The thought in Dependency Theory at this time was to consider a country's history in relation to capitalism, the influential domestic actors within that country, and also the international linkages the influential actors had. Of interest here is the critique of capitalism being posited on two sides of the same coin. On one side was the benefit that could be provided by materially developing an economy situated in the periphery. On the other side was the risk of any particular country situated in the periphery to become dependent on exporting goods to the Global North; a pattern that had originated from the colonization of lands to supply the metropole. However, the exportation of goods from the periphery to the metropole was not necessarily the issue, but rather the potential social exclusion of certain groups by the dominating class of that country.

¹⁵ Fernando Henrique Cardoso, *Dependency and Development in Latin America*, Fernando Henrique Cardoso and Enzo Faletto ; Translated by Marjory Mattingly Urquidí. (Berkeley: University of California Press, 1979), 26.

Cardoso and Faletto had argued that foreign interests were a primary dynamic in peripheral countries located in Latin America. However, these foreign interests were thought to have been expressed through the actions of different individuals and groups that represented foreign interests or were advantaged by them. One primary group that was thought to represent foreign interests was “modernizing elites” where “industrialization of peripheral economies under the control of multinational corporations – have gained continuity and have considerably expanded¹⁶. The second primary group was thought to be “Traditional” groups consisted of “large landlords” and “are often the main sustaining force for foreign interests”¹⁷.

The dichotomy between the “modernizing elites” and the “traditional groups” was the inclusion and growth of the working class and the lessening of social stratification that was a result of economic activity from “modernizing elites”. “Traditional groups” were thought to have been exclusionary and sought protection “through mechanisms of social identification – clubs, professional associations, and so forth – that are based not on direct economic or market interests but on specific forms of socialization and defense of privileges based on education, family origin, and shared values.”¹⁸. It was at this point that Cardoso and Faletto argued that an economic-historical examination of the linkages of the dominating class be examined to better understand their relations with the colonizer.

An alternative to Dependency Theory between the 1960’s and through the 1970’s was Hegemonic Stability Theory. Hegemonic Stability Theory was first posited by Charles Kindleberger in *World Depression*. Kindleberger had argued that an international economic order needed to have the dominant or hegemonic country to govern international commerce to help

¹⁶ Cardoso, 27.

¹⁷ Cardoso, 27.

¹⁸ Cardoso, *Dependency and Development in Latin America*, Fernando Henrique Cardoso and Enzo Faletto ; Translated by Marjory Mattingly Urquidí.

prevent international commercial crisis¹⁹. On the surface, this argument seems to be at odds with Dependency Theory. However, Cardoso and Faletto may have conditionally agreed if the hegemon was benevolent and supported social inclusion of all social classes with their trading partners.

Somewhat alternative to Cardoso and Faletto was the further research of Robert Gilpin. Gilpin agreed with Kindlebergers argument and furthered Hegemonic Stability Theory by providing a framework to better determine possible behavior of nation-states and the need for a hegemonic stabilizing power. The framework sought to clarify “economic power”, “dependency relationships”, and “national interest”. According to Gilpin, economic interdependence in international relations was mercantilist and created “economic power”. “Economic power” had been defined as the capacity of nations to damage each other by way of financial and commercial ties. The potential of “economic power” being exerted through interdependence to cause damage from one nation to another was termed as a “dependency relationship”. As such, Gilpin posited that this underlying dynamic of creating or escaping dependency was always at play²⁰. Perhaps more importantly in this sense were the central actors that determined these relationships. The primary actors were argued to be nation-states. However, and somewhat exploring the differentiated nation-state was the thought of multinational corporations being posited to hold power to then determine “national interest”. His definition of “national interest” was Marxist in nature where the ruling elite determined outcomes in benefit for “its own group or class interests”²¹. However, Gilpin expanded the definition beyond the constraints of profit motivation

¹⁹ Charles P. Kindleberger, *The World in Depression, 1929-1939*, Charles P. Kindleberger., Rev. and enl. ed., History of the World Economy in the Twentieth Century ; v. 4 (Berkeley: University of California Press, 1986), 305.

²⁰ Robert Gilpin, *U.S. Power and the Multinational Corporation: The Political Economy of Foreign Direct Investment*, Robert Gilpin., The Political Economy of International Relations Series (New York: Basic Books, 1975), 38.

²¹ Gilpin, 37.

to include; “More general influences, such as cultural values and considerations to the security of the state itself – and the international distribution of power”²².

Insightfully, Gilpin attributed the decision of nations to enter into the international system as a decision based on liberal ideal. The motivation behind this ideal was to increase the rate of economic growth and living standards for the citizens living within its boundaries. However, Kindleberger’s argument that a hegemonic power was needed to provide stability still prevailed in Gilpin’s framework. The role of the hegemon was needed when a nation who had already entered into the international system decided to act with a mercantilist ideal and to advance its own “national interest” by exercising its “economic power” to the detriment of its peer nation-states²³.

Stephen Krasner continued Gilpin’s argument and sought to form a framework of analysis for Hegemonic Stability Theory. Krasner’s logic was based on a “state-power theory”. This theory assumed “that the structure of international trade is determined by the interests and power of states acting to maximize national goals.”²⁴. State-power theory was a two-step process where the first step was to determine state preferences and the second step was to relate four different state interests to the degree of open international trade. The causal mechanism for the four state interests consisting of national income, social stability, political power and economic growth was to then be exercised through potential economic power. This potential economic power was measured in relative size and the degree of economic development of the state. The second step of Krasner’s framework required examination of the relation between different distributions of international power with the structure of international trade. Ultimately, Krasner’s framework concluded that a nation-state holding hegemonic economic power within globalization would prefer open trade. As

²² Gilpin, 39.

²³ Gilpin, 39–40.

²⁴ Stephen D. Krasner, “State Power and the Structure of International Trade,” *World Politics* 28, no. 3 (1976): 37, <https://doi.org/10.2307/2009974>.

such, Krasner sought to explain the motivation of a nation-state to support the structure of open international trade due from the degree of “economic power”, where Gilpin²⁵ sought to explain the relative power dynamics between nation states and the need for hegemonic stability that allowed globalization to flourish.

Krasner’s approach to explain the structure of globalization took an innovative approach by examining domestic “state-interests”. However, Krasner’s first step in the theory is unclear as to who or what the primary interests of the state should be. This uncertainty of who or what the primary domestic actors are also comes into play when looking at the definition of economic power and it being comprised from relative size and economic development. From this definition, I am left asking who or what comprises the economic development for a country. Robert Keohane²⁶ may also agree with me as he thought a weak point in Krasner’s argument was the implied assumption of an undifferentiated state. Keohane had asserted that a statist focus should examine the interests of key elites. Keohane’s logic in response to Krasner’s “undifferentiated state” was based on a possible explanation on the progress that was made towards economic openness and how key elites are thought to operate outside institutions and are not accountable to the societies in which they operate in²⁷.

It is also worth noting that Krasner’s assumption of the undifferentiated state became ambiguous when historical observations were drawn on. Krasner based his empirical observations by detailing the conflict among agricultural producers, industrialists, and finance in Great Britain and the United States. Depicting these historical observations using sectoral actors did of course show the state interests of national income, social stability, political power and economic growth.

²⁵ Gilpin, *U.S. Power and the Multinational Corporation*.

²⁶ Robert O. Keohane, “Problematic Lucidity: Stephen Krasner’s ‘State Power and the Structure of International Trade,’” *World Politics* 50, no. 1 (1997): 150–70, <https://doi.org/10.1017/S0043887100014751>.

²⁷ Keohane, 169.

However, and perhaps more importantly, the historical observations provided an early illustration of the underlying dynamics of state interests, which could have been key elites exercising their economic power through the sectors in which they operated in.

Also, of importance in Krasner's work was the amendment of the initial argument. The amendment stated that changes to the international trading structure do not fully align with the state-power theory and subsequent analysis of domestic interests, but rather from "external events-usually cataclysmic ones."²⁸. Changes to the international trading structure were also given for the same reason. The reason for states only aligning policies with domestic interests after external events occurred was concluded by Krasner to be due from the fact that "States become locked in by the impact of prior choices on their domestic political structures."²⁹.

Another observation made by Robert Keohane was the impact that Krasner's seminal work had on the field of IPE. Shortly after *State Power and the Structure of International Trade*, a pivot occurred within IPE away from "economic interdependence, transnational relations, "ungovernability", and the state's alleged economic relevance."³⁰. and towards a statist focus. Peter Gourevitch was one such scholar who led this pivot towards a statist focus and published *International Trade, Domestic Coalitions, and Liberty* and *The Second Image Reversed* in 1977 and 1978, respectively.

International Trade, Domestic Coalitions, and Liberty differentiated the state from domestic interest groups inclusive of class conflicts, institutions, foreign policies, and ideologies as compared with Krasner³¹ who did not. Of particular importance to Gourevitch, was whether all or any of these dynamics impacted economic openness and if so then to what extent. With this in

²⁸ Krasner, "State Power and the Structure of International Trade," 341.

²⁹ Krasner, 341.

³⁰ Keohane, "Problematic Lucidity," 169.

³¹ Krasner, "State Power and the Structure of International Trade."

hand, Gourevitch categorized the above dynamics into four possible explanations: economic, political system, international system, and economic ideology. Gourevitch had conducted a historical observation of Britain, France, Germany, and the United States to answer what the predominant factor of economic openness was. Throughout all observations and explanations, Gourevitch just like Krasner³², observed conflicts among economic actors, inclusive of agricultural producers.

However, the difference between Krasner and Gourevitch, was the degree to which Gourevitch had classified the actors. Gourevitch had taken a somewhat Marxist but still sectoral approach and detailed the differing interests among land-holding elites, small farmers, heavy industry, workers in heavy industry, finished goods manufacturers, and the employees of finished goods manufacturing. Ultimately, Gourevitch had reasoned that in the absence of conflict resulting from distribution of property, the working class interpreted the political process during these times along sectoral lines, between industry and agriculture³³. This observation of conflict between industry and agriculture and different classes seems to have been less emphasized among contemporary researchers as the scope of empirical observations have tended to focus more on the Global North and industry.

The extent to which Gourevitch observed the behavior among different kinds of agricultural producers holding large and small parcels of property is interesting and pertinent to my research. The difference and diversification of goods produced among farmers had resulted in competing interests where smaller farmers would find their interests aligned with industry in some cases. Interestingly, Gourevitch was able to provide a sectoral/Marxist perspective when necessary

³² Krasner.

³³ Peter Alexis Gourevitch, "International Trade, Domestic Coalitions, and Liberty: The Crisis of 1873-1896," *The Journal of Interdisciplinary History* 8, no. 2 (1977): 281-.

and within the four explanations: economic, political system, international system, and economic ideology. Of these four explanations and while taking agricultural and industrial interests into consideration, Gourevitch reasoned that the economic explanation in combination with the political explanation held the most explanatory power for domestic interests being formed into state policy. As a result, Gourevitch disaggregated agricultural interests, expanded understanding of domestic interests, and substantiated the need to include agricultural producers when seeking to better understand domestic interests.

“International Trade, Domestic Coalitions, and Liberty” had therefore examined the causal arrow originating from domestic interests towards national policy that would then interact with globalization. However, almost immediately following this article, Gourevitch published *“The Second Image Reversed”* in 1978. Gourevitch had concluded that “The international system is not only a consequence of domestic politics and structures but a cause of them. – International relations and domestic politics are therefore so interrelated that they should be analyzed simultaneously, as wholes.”³⁴. This logic originated from economic relations and the presence of military observations and how they limited the amount of behaviors and actions of domestic actors and politics, respectively. As such, Gourevitch’s rationale went alongside the “Interdependence-Transnational” school of thought, which had observed how domestic behaviors had been impacted by wars and changes in international economic activities. However, to take a note from³⁵, domestic interest behavior and the structure of globalization does not change unless there are external shocks that fundamentally alter behavior and structure. As such, Gourevitch³⁶ treated military and

³⁴ Peter Gourevitch, “The Second Image Reversed: The International Sources of Domestic Politics,” *International Organization* 32, no. 4 (1978): 911, <https://doi.org/10.1017/S002081830003201X>.

³⁵ Krasner, “State Power and the Structure of International Trade.”

³⁶ Gourevitch, “The Second Image Reversed.”

economic shocks endogenously. Whereas, Krasner³⁷ treated these shocks exogenously. However, the resulting question when considering which model to use is what constitutes a shock on a domestic structure and how frequently these shocks occur. It seems as though Krasner, who may have been coming from an IPE perspective, was of the mind that the potato famine in the 1840's in Britain or the First World War would be good examples of such a shock. Whereas Gourevitch, who took more of an international relations perspective, thought more in terms of acute events like technological innovation, or the oil embargo resulting from the Arab-Israeli war of 1973.

However, the question needs to be asked; what does the definition of a structural shock mean in today's terms? It is likely that both Krasner and Gourevitch would agree that trade issues caused by Covid-19 would constitute a structural change. It is also likely that Gourevitch would agree that the current energy transition taking place alongside advances in technology would also constitute structural change. Whereas Krasner may not hold the same view. This is important to note, given that my study occurred during Covid-19 and also supply shocks. While this is an important area to study, it is beyond the scope of my masters thesis.

Whichever the case, both Krasner and Gourevitch set the foundation for the next generation of IPE scholars to identify the causal mechanisms that determine state interactions within globalization. As such, Krasner, Gourevitch and the scholars of early IPE set the foundation for the future of IPE to examine domestic level interests, inclusive of agriculture. This foundation in turn opened the door for the likes of Jeffrey Friedens sectoral framework and the creation of OEP.

³⁷ Krasner, "State Power and the Structure of International Trade."

IPE Today

The earlier works of Gourevitch and Krasner touched upon the differences in trade preferences between the agricultural, industrial, and financial sectors. However, it seems as if prior works aimed to provide sectoral analysis as supplementary material to their overall arguments. The focus of their analyses sought to incorporate explanations for origination of interest groups, class tensions, and ideologies, among domestic actors and did not centrally place sectoral groups in the lens of analysis. This resulted in a scattered analysis that did not result in insightful conclusions. The fact that different units of analysis were used meant that there could be no comparison between studies³⁸. While prior work did not have a common unit of analysis, Krasner³⁹ and Gourevitch⁴⁰ did express a need for empirical observation to allow space for insight.

The empirical focus emphasized by Krasner and Gourevitch was subsequently emphasized in *The Brazilian borrowing Experience* where Frieden observed that the export-agriculture and finance sectors held preferences for economic austerity. The purpose for this preference was to continue having access to foreign markets. Alternatively, labor and industrial capitalists preferred the opposite as this would negatively affect wages and industrial operations. As a result, Frieden concluded that; “it is sectors of a society that evaluate their interests in the international economy and then pressure the state to defend or promote them.”⁴¹. It was in this conclusion that Frieden built off the prior works of Krasner⁴² and Gourevitch⁴³ by providing detailed historical analysis of agriculture, finance, industry, and labor tensions over economic austerity in Brazil. However,

³⁸ Lake, “Open Economy Politics.”

³⁹ Krasner, “State Power and the Structure of International Trade.”

⁴⁰ Gourevitch, “International Trade, Domestic Coalitions, and Liberty.”

⁴¹ Jeffrey A. Frieden, “The Brazilian Borrowing Experience: From Miracle to Debacle and Back,” *Latin American Research Review* 22, no. 1 (1987): 95–131, <https://doi.org/10.1017/S0023879100016447>.

⁴² Krasner, “State Power and the Structure of International Trade.”

⁴³ Gourevitch, “International Trade, Domestic Coalitions, and Liberty.”

Frieden (1987)'s empirical analysis did not have a framework to help the understanding of the preferences of different sectors in Brazil.

As such, it could very well be that Frieden's work on the Brazilian debt crisis is what propelled the seminal work of Frieden's sectoral framework⁴⁴. This early work therefore helped OEP evolve to create a directional framework that begins by analyzing domestic level interests, then proceeds towards domestic institutions, and ends by analyzing international interactions among states⁴⁵. However, debate over the causal pathway since OEP's inception has taken place, instead of continuing to focus on the importance of sectoral actors. Critics of OEP and causal pathway contend that reductionism on domestic interests produces inaccurate results⁴⁶. Other analysis has alternatively shown that the consideration of the causal pathway is dependent as to whether domestic level interests have the ability to affect the structure of globalization⁴⁷. As I am of the mind that domestic actors do not impact the structure of globalization but rather cataclysmic events lead to this structural change of domestic actors⁴⁸, I choose to take on the perspective of the sectoral and directional model, first posited by Frieden. This decision also considers Frieden's extensive research on domestic actors in Brazil and the perspective that was gained where he saw how domestic actors shape domestic policies about economic austerity⁴⁹.

Frieden had set the standard for future research to hold the assumptions from a varied specific-factors approach allowing for factors to be both mobile and immobile. Financial capital

⁴⁴ Jeffrey A. Frieden, "Invested Interests: The Politics of National Economic Policies in a World of Global Finance," *International Organization* 45, no. 4 (1991): 425–51, <https://doi.org/10.1017/S0020818300033178>.

⁴⁵ Lake, "Open Economy Politics."

⁴⁶ Thomas Oatley, "The Reductionist Gamble: Open Economy Politics in the Global Economy," *International Organization* 65, no. 2 (2011): 311–41, <https://doi.org/10.1017/S002081831100004X>.

⁴⁷ Stephen Chaudoin, Helen V. Milner, and Xun Pang, "International Systems and Domestic Politics: Linking Complex Interactions with Empirical Models in International Relations," *International Organization* 69, no. 2 (2015): 275–309, <https://doi.org/10.1017/S0020818314000356>.

⁴⁸ Krasner, "State Power and the Structure of International Trade."

⁴⁹ Frieden, "The Brazilian Borrowing Experience."

and unskilled labor were posited to be mobile across sectors. Whereas physical capital and skilled labor were posited to be immobile across sectors. In utilizing this version of the specific-factor approach, Frieden was able to address short-term and immediate preferences occurring in the political economy among tradable and non-tradable sectors. This approach therefore emphasized the tensions between each sector, as opposed to Marxist approaches that examined tensions between classes, capital and labor. This distinction of focus between class and sectors had in part been founded by Gourevitch⁵⁰ when he observed that sectoral focus by labor was the primary tension when property distribution wasn't concentrated.

However, the focus of Frieden⁵¹ had implied that sectoral tensions will not only always exist but also hold priority over class tensions in systems with or without a concentration of property. The rationale for this neoclassical approach had been due from Friedens observations of "the interests in play, and not necessarily with the outcome of political conflict among them."⁵². As such, I interpret the potential policies resulting from intensity of preferences, logic of collective action, and the overall system that was created by a countries institution, that Frieden wrote of as being secondary when it comes to better understanding the economic interests of tradable and non-tradable sectors. In Friedens words, "a clear understanding of the economic interests involved is a crucial starting point for analysis."⁵³.

Alternative to Friedens call to prioritize the understanding of the economic interests of all sectoral groups and then the intensity of preferences, collective action, and the overall system of institutions, much of the subsequent work on exchange rate preferences has prioritized the understanding of sectoral groups that have been thought to be the most influential on policy

⁵⁰ Gourevitch, "International Trade, Domestic Coalitions, and Liberty."

⁵¹ Frieden, "Invested Interests."

⁵² Frieden, 450.

⁵³ Frieden, 450.

outcomes; manufacturing, finance, or individuals⁵⁴ Or, as Keohane⁵⁵ stated, to focus on key elites. Further, even in the occasional but also extensive cases when OEP has sought to better understand currency politics in Latin America, the manufacturing sector has been of primary focus⁵⁶ The reason for this focus is due to the ambiguity of preferences of the agricultural sector, as well as collective action issues.

According to Steinberg, exchange rate preference ambiguity is due from the multitude of ways in which farmers differ; export-oriented production of crops and reliance on imported supplies contrasted with subsistence farmers producing non-tradable goods, not relying on imported supplies⁵⁷. Interestingly, Steinberg does not acknowledge the possibility that a family farmer could operate on a spectrum of reliance on imported supplies that Frieden⁵⁸ does acknowledge. With the exception of Broz⁵⁹, I have not seen any research to either confirm or refute mixed preferences in agriculture. In recent OEP literature Taborda⁶⁰ does provide alternative findings to Steinberg's argument of ambiguous preferences. However, Steinberg's logic on the variability of agricultural producers, source and destination of supplies and crops could hold if

⁵⁴ David H. Bearce and Kim-Lee Tuxhorn, "When Are Monetary Policy Preferences Egocentric? Evidence from American Surveys and an Experiment: MONETARY POLICY PREFERENCES," *American Journal of Political Science* 61, no. 1 (2017): 178–93, <https://doi.org/10.1111/ajps.12203>; J. Lawrence Broz, Jeffrey Frieden, and Stephen Weymouth, "Exchange Rate Policy Attitudes: Direct Evidence from Survey Data," *IMF Staff Papers*, IMF Staff Papers, 55, no. 3 (2008): 417–44, <https://doi.org/10.1057/imfsp.2008.16>; Carsten Hefeker, *Interest Groups and Monetary Integration: The Political Economy of Exchange Regime Choice*, Carsten Hefeker., The Political Economy of Global Interdependence (Boulder, Colo: Westview Press, 1997); Daniel Kinderman, "The Political Economy of Sectoral Exchange Rate Preferences and Lobbying: Germany from 1960-2008, and Beyond," *Review of International Political Economy : RIPE* 15, no. 5 (2008): 851–80, <https://doi.org/10.1080/09692290802403379>; Stefanie Walter, "A New Approach for Determining Exchange-Rate Level Preferences," *International Organization* 62, no. 3 (2008): 405–38, <https://doi.org/10.1017/S0020818308080144>.

⁵⁵ Keohane, "Problematic Lucidity."

⁵⁶ Frieden, *Currency Politics*; David A. Steinberg, "Developmental States and Undervalued Exchange Rates in the Developing World," *Review of International Political Economy : RIPE* 23, no. 3 (2016): 418–49, <https://doi.org/10.1080/09692290.2015.1135177>.

⁵⁷ Steinberg, "Developmental States and Undervalued Exchange Rates in the Developing World," 38.

⁵⁸ Frieden, *Currency Politics*.

⁵⁹ Broz, Frieden, and Weymouth, "Exchange Rate Policy Attitudes."

⁶⁰ Rodrigo Taborda, "Bias in Economic News: The Reporting of Nominal Exchange Rate Behavior in Colombia," *Economía (Washington, D.C.)* 14, no. 1 (2013): 103–47.

family farmers are in fact non-tradable producers. While this logic is sound, Frieden's argument that the purchase of supplies and sale of crops being positioned on a globalized spectrum could also hold. This difference in thought between Frieden and Steinberg, as well as the findings of Broz⁶¹ and Taborda⁶² creates ambiguity surrounding the level of integration of family farmers into globalization, as well as the preferences of the many different types of family farmers. This ambiguity therefore cascades into unclear distributional effects that exchange rate preferences may have on family farmers.

Steinberg also cites collective action issues, like number of producers and the geographical proximity, are easier to overcome for the manufacturer than the farmer⁶³. Frieden also speaks to the differences between export-oriented farmers and subsistence farmers, as well as collective action issues⁶⁴. However, Frieden nor Steinberg point to the success that landless and rural workers in Brazil had in collective action issues throughout the 1970s and through today. The landless workers played a central role in the formation of the new constitution of Brazil to catalyze land distribution, as well as creating the recognition of a class of people. As such, at least in the case of Brazil, the collective action issue may not necessarily hold when it comes to better understanding exchange rate preferences. Even if collective action is an obstacle for individual family farmers the interests are still worth exploring given that family farmers provide food security for Brazilian citizens.

⁶¹ Broz, Frieden, and Weymouth, "Exchange Rate Policy Attitudes."

⁶² Taborda, "Bias in Economic News."

⁶³ Steinberg, "Developmental States and Undervalued Exchange Rates in the Developing World," 32.

⁶⁴ Frieden, *Currency Politics*, 200–201.

Conclusion

The evolution of IPE since the 1960's to OEP today has seen a considerable decrease in attention regarding agricultural interests. Dependency Theory in the 1960's had emphasized the importance of distinguishing historical linkages of land-owning elites and industrial capitalists. Hegemonic Stability Theory through the 1970's also observed the importance of agricultural interests in relation to trade. Finally, analysis of the differentiated state observed domestic interests, inclusive of agricultural interests. However, recent research in exchange rate politics has not conducted much observation on agriculture and has relied on assumptions to reason with the supposed preferences of agriculture. This change of scope in recent years may have resulted in a loss of understanding of the agricultural sector, whereby the presupposed logic may not be aligned with the distributional needs of the individuals that work in agriculture. This could therefore result in exchange rate policies existing to the detriment of various types of family farmers. As such, I argue that exchange rate politics should seek to apply Friedens sectoral framework to disaggregate agricultural interests.

CHAPTER 3: POTENTIAL ORIGINS AND OBSERVATIONS OF SOLIDARITY IN A RURAL COMMUNITY

It was a cold and rainy day in the central region of Santa Catarina when Márcia and I interviewed Luana. The interview began with all three of us cramming ourselves in a partitioned office in the back of a store in the central region of Santa Catarina. The interview was paused many times, as Luana spoke to various people regarding a public presentation that was to occur in the area of the public market. A stage with an audio system had been set up to allow for a discussion between multiple speakers to occur during the presentation. As such, I first found it difficult to understand Luana between the effects of exhaustion, enveloping sound from the nearby event, and people speaking with Luana while the interview took place. However, the interview pauses, the backdrop of the discussion from the event, and the floorplan of the public market culminated into my observation of the solidarity taking place among both organic and conventional family farmers.

Law no. 6.357/2020⁶⁵, passed on September 21, 2020, allowed for the creation of the public market. Decree no. 5.402/2020⁶⁶ was subsequently approved on September 30, 2020 to regulate the use of the public market. The regulation had the expressed intention to create a physical space for family farmers. According to decree 5.402/2020:

The term of permission will be used for the agreement with non-profit entities, associations, cooperatives, agencies and public entities, which come to commercially exploit the space, in the sale of family farming products, organic products, handicrafts, in the offer and provision of free services to the population, or sale of products whose objective is to raise funds for the fulfillment of its statutory obligations and maintenance of charitable activities, or even, in the promotion and dissemination of its activities, among other products and services.

⁶⁵ “Lei Ordinária 6357 2020 de Curitiba SC,” accessed April 27, 2023, <https://leismunicipais.com.br/a/sc/c/curitibanos/lei-ordinaria/2020/636/6357/lei-ordinaria-n-6357-2020-cria-o-mercado-publico-municipal-de-curitibanos-e-da-outras-providencias>.

⁶⁶ “Decreto 5402 2020 de Curitiba SC,” accessed April 27, 2023, <https://leismunicipais.com.br/a/sc/c/curitibanos/decreto/2020/541/5402/decreto-n-5402-2020-aprova-e-homologa-o-regulamento-do-mercado-publico-municipal-de-curitibanos>.

The public market had been designed to create a social experience for customers, owners of the shops, and attendees of events consisting of presentations, artistic, cultural, or musical shows⁶⁷. I observed the purpose of this design in the structure of the public market itself. The physical footprint was a two-story structure where the shops surrounded and faced a common area for patrons to eat and take pause for a moment. While the audio system was used, it was not necessarily needed as the design of the structure created an environment where people's voices were amplified, facilitating a flourishing community of social interaction, thereby supporting solidarity for family farmers; conventional and organic.

At first, it was not clear why the people in the proximity of the public market were so vibrant in conducting business, giving patrons credit, and conversing with one another, or how the solidarity I was observing had emerged or what the historical context was. Yes, the public market did provide a place where family farmers could conduct business, have public presentations, and engage with the public. However, the institutional progression of designating a public place by the municipality may have very well held more meaning for the family farmers than I was observing in the beginning of my visit to the central region of Santa Catarina. As Márcia and I conducted more interviews and the more Luana spoke about the history and struggle of the MST and family farmers to be recognized by the government and accepted by Brazilian society, the more I came to observe and understand that the physical structure of the public market could have symbolized the progress of that struggle and the current solidarity; supported by the local municipality.

Luana was a married 53-year-old mother of two daughters. She was a member of the MST and lived on an *assentamento* (land settlement)⁶⁸ in the state of Santa Catarina, Brazil; secured by

⁶⁷ “Decreto 5402 2020 de Curitiba SC.”

⁶⁸ According to the National Institute of Colonization and Agrarian Reform (“INCRA”), an *assentamento* is a settlement comprised of multiple agricultural units on land that is currently owned by the federal government (by way of federal lands or appropriation of private lands) and then distributed by INCRA to rural workers who do not

the occupation of the MST. She appeared as a community leader and was the only participant who self-identified as being a member of the MST. However, it is reasonable to speculate that a large portion of both the organic and conventional family farmers I interviewed could also be members of the MST. This solidarity was justified, as little progress had been made regarding land distribution and basic rights beginning from the Old Republic of Brazil in 1889 through the end of the military regime in 1984.

The MST began with the focus on the re-distribution of land through agrarian reform in the late 1970's in resistance to the continued concentrated distribution of land that had been instituted under the Portuguese Crown. However, it was perhaps the perpetuation of Portuguese colonial policies by the land-owning elite's extractive agricultural practices, exclusionary labor practices, and monetary policies to solely increase coffee production for export from the 1880's to about 1915 where initial engagement for distribution began⁶⁹. In an effort to not use the labor of emancipated slaves, São Paulo coffee planters sought to import rural labor from Europe. This was done by the Brazilian government promoting itself to small European farmers with the promise of the opportunity for European farmers to own land in Brazil. However, the landowning elite imposed labor demands on European farmers, which made it nearly impossible for the laborer to repay their costs from the initial trip to Brazil. This labor practice eventually led to the reinforcement of wages as a legal contract in 1890, then the eviction of European farmers from plantations. The evictions led to the migration of European farmers from the coffee plantations of São Paulo to the southern states of Paraná, Rio Grande do Sul, and Santa Catarina. However,

own but subsist on the land "Assentamentos," Incra, accessed January 17, 2023, <https://www.gov.br/incra/pt-br/assuntos/reforma-agraria/assentamentos..>

⁶⁹ Kurt Mettenheim, "3: National Liberalism and Kemmerer Coalitions," in *Monetary Statecraft in Brazil: 1808–2014*, Financial History (London: Routledge, 2015), xi–xi, <https://doi.org/10.4324/9781315661209>; Wendy Wolford, "2: The Making of a Movement in Southern Brazil," in *This Land Is Ours Now: Social Mobilization and the Meanings of Land in Brazil*, Wendy Wolford., New Ecologies for the Twenty-First Century (Durham [NC: Duke University Press, 2010).

during this time, a rail line from the state of Rio Grande do Sul to the state of São Paulo, with an approximate width of 18 miles, cut through an area that is known as *Contestado* and displaced the newly arrived European farmers. Plans to settle small-scale farmers within this eighteen-mile track and in the contested region never materialized and the land was subsequently disbursed into large parcels of land of approximately 2,470 acres or more. A war had then erupted between the landowners and the small-scale farmers, resulting in the government eventually destroying the camps of the small-scale farmers in 1915⁷⁰. While land distribution was not achieved, the engagement of the small-scale farmers during this time and the possible latent effects of initially being promised land by the São Paulo planters may have been the catalyst to publicly engage with landowners and government for access to land distribution.

This perpetuation was then continued by Brazil's military government in the years following the coup d'état in 1964⁷¹ and in the contradiction between the progressive nature of Land Statute of 1964 and subsequent inaction by the military dictatorship. The Land Statute of 1964 introduced the definition of "Family Property"⁷² and detailed the circumstance in which agrarian reform could be carried out. However, there was an absence of execution by the dictatorship to fulfill their own policies, which may have originated from an alliance between the landowning elite and the military⁷³.

⁷⁰ Wolford, "2: The Making of a Movement in Southern Brazil."

⁷¹ Bastiaan Philip Reydon, Vitor Bukvar Fernandes, and Tiago Santos Telles, "Land Tenure in Brazil: The Question of Regulation and Governance," *Land Use Policy* 42 (2015): 509–16, <https://doi.org/10.1016/j.landusepol.2014.09.007>.

⁷² Law 4504 defines Family Property as "Rural property that, directly and personally exploited by the farmer and his family, absorbs their entire workforce, guaranteeing their subsistence and social and economic progress, with a fixed maximum area for each region and type of exploitation, and eventually work with the help of third parties" Branco, LEI N° 4.504, DE 30 DE NOVEMBRO DE 1964.

⁷³ Reydon, Fernandes, and Telles, "Land Tenure in Brazil."

The continued concentration of land culminated into a public demonstration that began on July 25, 1981, in support of two land occupations by rural workers, which started in 1979⁷⁴, for the purpose of resisting “federal and state military repression”⁷⁵. The public demonstration included more than 15,000 demonstrators and was titled *A Encruzilhada Natalino* (The Christmas Crossroads). The location took place in a central transportation point connecting the states of Rio Grande do Sul and Santa Catarina. Following the continued demonstrations and land occupations was the subsequent founding of the MST in 1984. Just like the public demonstrations and first land occupations throughout the 1980’s, the value of resistance for the fight for democratization of not only land reform but also culture, sexual tolerance, communication, health, economic development, ethnic diversity, and transparency in politics⁷⁶, placed the MST in opposition with the military dictatorship, which subsequently lost power a year later.

A new constitution was created in 1988 and formerly recognized rural and landless workers by including Chapter 3 of the Brazilian Constitution, which institutionalized agricultural land reform policies⁷⁷. These policies led to the approval of regulation 8.629 in 1993, which set standards on eligible land to be expropriated by the state, as well as setting the criteria for the establishment of *assentamentos* for rural workers, like Luana to live in; “The settlement of rural workers must be carried out on economically useful land, preferably in the region they inhabit”⁷⁸.

As such, it seemed that the creation of the public market, by Law 6.357/2020, was another step in the continuing fight for recognition of family farmers. However, this followed years of

⁷⁴ The first land occupation began on September 7, 1979 on Macali farm in Rio Grande do Sul. The second occupation was located on the Brilhante farm. Alantysel, “A luta do Acampamento Encruzilhada Natalino,” *MST* (blog), June 18, 2014, <https://mst.org.br/2014/06/18/a-luta-do-acampamento-encruzilhada-natalino/>.

⁷⁵ “70-82,” *MST* (blog), accessed April 29, 2023, <https://mst.org.br/nossa-historia/70-82/>.

⁷⁶ “Quem Somos,” *MST* (blog), accessed May 2, 2023, <https://mst.org.br/quem-somos/>.

⁷⁷ “Constituição,” accessed October 14, 2022, https://www.planalto.gov.br/ccivil_03/Constituicao/Constituicao.htm#titviicapiii.

⁷⁸ “L8629,” accessed October 14, 2022, https://www.planalto.gov.br/ccivil_03/LEIS/L8629.htm.

Luana and possibly additional family farmers being labeled a *bagunça* (mess) by society while fighting for agrarian reform:

Luana: Where we lived, it was an agrovillage. -- but there were several problems for management reasons. Several left because they weren't happy. Now it's over, but the houses are still there. -- everything was supposed to be collective, it was powerful, but it lacked direction. There was a sector for milk, sheep, crops, yerba mate, nurseries, chickens, pigs, it was huge, but it lacked direction. And today, -- each one has their own property.

This is information that the media does not show. We know that people work, but on the other hand, the public doesn't see it and within the movement the organization is different. There was a time when I had to go to Florianópolis for a fight there, claim... we know that there is money that comes from other countries. So go to the houses, you have to donate R\$50.00 to donate food, those who go, choose the people, those who have good will go, or if they are not chosen, we have the family nuclei within the community, and those who cannot go in person contributes money or food. We see that in the neighboring producers they don't have this ability to organize themselves and they ask how we manage to organize ourselves - it's an organized struggle, it's a class that fights together.

Once there was the closure of Banco do Brasil that was for small producers, which we weren't, because we were from the landless movement, it was separate. When the landless went to the street, they [small farmers] said "the landless, the vagabonds are there". We made motorcades, people, trucks... When it was time to close Banco do Brasil to renegotiate the debts of small producers, that was before Lula and Dilma entered. And gave to who? No one came from the farmers, the landless movement went ahead, something that was not ours.

We are from the fight, organized, we go to the street, if we need to scream, we scream, to claim our rights.

And the little ones managed to renegotiate their debts and didn't even leave the house, the people who went to fight for them. And when we fight, they call us messy, everything...

Things happen within the landless movement... we are good people, but a lot of people infiltrate there and wear hoods and then it doesn't come that sometimes even the guy who is from the street went there and made a fuss, they talk as if they were landless people.

Márcia: A distortion of the image...?

Luana: Yeah... but that's not why we're going to stop fighting. When I was at school, I worked for almost 20 years in a multigrade school, I would come and people would look... I would arrive at the meeting time and the secretary of education would say "Luana comes here, the rural school has a reference". If there was no bond paper, we would cut cardboard, go in search, we were always an example for them.

I was never ashamed to say "I live in a settlement", I always felt more proud, I said that I was landless and I live inside a settlement, but people told me no, that I was not landless, today you have Earth.

But I bear the name of the landless because of our movement. I always told the children: never be ashamed to say where you live.

However, now that Luana was a little older and her children had moved from the house and off the land due to dreams of their own, she had seen how the younger generation felt ashamed to be a family farmer and to subsist off the land. With this observation and sentiment in mind, Luana decided to exercise her social right and to support her community in resistance to societal pressure influencing the younger generation away from the *assentamentos*. Luana did this by modelling for the younger generation how the family farmer can continue to subsist off their properties while continuing to support their communities by engaging in business away from the farm.

In addition to years of resisting government and societal oppression, Luana had to also resist the hardship that globalization had posed on her capacity to farm:

Luana: Sometimes we have a rope around our neck. Sometimes you even know it [the price] will increase, but then you have to sell your product because you have a bill to pay... the middleman wins. If you don't have a reserve, you force yourself to sell to pay your debt so you don't have your name dirty

My observations were therefore juxtaposed with the discussion with Luana and all the family farmers I interviewed about the preference of exchange rate policies and experiences with globalization. This juxtaposition between the historical context and current situation of the social movement and the topic of discussion resulted in the insight that solidarity may still be found, given external shocks transferred by way of globalization, as well as the consistent progression of commercialization that exists when cultivating crops for export.

Of course, the interviews in the following chapters were primarily focused on exchange rate policies and globalization. However, this link between solidarity (and its comprising components of resistance, sense of value from the government, and possible difference in beliefs regarding interaction with the exchange rate) and globalization was present throughout the interviews. The shared value of “Everyday Resistance”⁷⁹ can be seen in *Chapter 5: Preferences of Time Period and Everyday Resistance* and the shared belief that the government did not value family farmers can be seen in *Chapter 6: Most Influential Factor on Capacity to Buy and Sell*. This theme was evident when the family farmers spoke on their challenges with globalization now and in the past, beliefs on most influencing factor on their capacity to operate their properties, the interactions I observed, the WhatsApp group that two conventional family farmers stated they were a part of (and likely more family farmers as well), as well as the various artisanal products from the conventional farms in Luana’s shop.

However, I also observed a possible bifurcation of beliefs existing among family farmers with their interaction with the exchange rate. This possible divide in beliefs is exemplified in the family farmer responses in *Chapter 4: Possible Sectoral Bifurcation of Preferences and Beliefs with the Exchange Rate*. Conventional family farmers had reached near unanimity in their belief that the exchange rate impacts their capacity to operate their farms. However, the responses from the organic family farmers were a little mixed. About half of the organic family farmers believed the exchange rate impacted their capacity and the other half believed the exchange rate did not. The organic family farmers who believed there was no impact, had no exchange rate policy

⁷⁹ I define Everyday Resistance and Resistance, using James Scott’s notion of peasant farmer resistance; “Allowing that only those survival strategies which deny or mitigate claims from appropriating classes can be called resistance, we are nevertheless left with a vast range of actions to consider.” James C. Scott and Benedict J. Kerkvliet, “Everyday Forms of Peasant Resistance,” in *Everyday Forms of Peasant Resistance in South-East Asia*, Edited by James C. Scott and Benedict J. Tria Kerkvliet., Journal of Peasant Studies ; Volume 13 Number 2 (London ; Frank Cass, 1986).

preference. They reasoned that there was no impact since they did not produce crops to be exported and only purchased supplies from domestic vendors. As such, the solidarity I observed was in regards to local land issues and not in regards to exchange rate preferences, which were seen to be more individualistic and not collective.

I do believe these observations of solidarity and its underlying values and beliefs to be true. However, it is important to keep in mind that I had only spent three days interviewing family farmers, only spent two and a half months in Brazil, was in the process of learning Portuguese, and was approaching the interviews and participant observations from an IPE. The limited time interviewing and observing the family farmers may not have allowed for sufficient trust to have been built between me and the family farmers I interviewed. This could have prompted different behaviors or expressions of beliefs, values, or attitudes. The limited time in Brazil most probably did not allow me to be aware enough of social norms taking place, while also limiting my understanding of the conversations in the moment due from my lack of experience with the Portuguese language. Finally, the IPE perspective during this period may not have allowed me to observe more nuanced details of the various sociological dynamics occurring during my time in the central region of Santa Catarina or have prompted me to seek clarification from Márcia as to the significance of the social norms taking place. With all of this taken into consideration, I do assert that the public market acts as a symbol for solidarity among family farmers and perhaps the community at large, while not making any claims as to the type of solidarity that I observed.

CHAPTER 4: POSSIBLE SECTORAL DIVIDE OF PREFERENCES AND BELIEFS WITH THE EXCHANGE RATE

The primary topic of focus that brought me to the countryside of Santa Catarina, Brazil was to explore if family farmers preferred one exchange rate policy over the other, as well as to gain an understanding of their experiences with globalization. As such, this chapter explores these topics. Summary tables illustrating my observations of family farmer exchange rate preferences, using Frieden's theory are found below. Frieden's theory predicts that conventional family farmers may prefer a high BRL when buying supplies and a low BRL when selling crops. The exchange rate is therefore predicted to have cross cutting effects for conventional family farmers⁸⁰. However, my study is exploratory in nature, and I therefore defer any predictions regarding preferences to Frieden's theory of currency policy preferences for conventional family farmers. As for organic family farmers, I do not predict any specific preferences, but only that preferences may be weaker when compared to conventional family farmers. The summary tables for both organic and conventional family farmers are divided among two different scenarios: when buying supplies and when selling crops:

⁸⁰ Frieden, *Currency Politics*, 35–37.

Table 4.1: Theory of Conventional Family Farmers - Selling Crops

		BRL Level Preference		
		High	Low	No Preference
BRL Flexibility Preference	Low		X	
	High			
	No Preference			

Table 4.2: Observations of Conventional Family Farmer - Selling Crops

		BRL Level Preference		
		High	Low	No Preference
BRL Flexibility Preference	Low		João ⁱ Paulo ⁱ	Bento ⁱⁱ Norberto & Paloma ⁱⁱ Horacio & Heloisa ⁱⁱ Idal ⁱⁱ Lucio ⁱⁱ
	High			
	No Preference			Horado

Footnotes:

ⁱSpecified preference for high USD when selling and low USD when buying

ⁱⁱNo stated preference for when selling crops

Table 4.3: Theory of Conventional Family Farmers - Buying supplies

		BRL Level Preference		
		High	Low	No Preference
BRL Flexibility Preference	Low	X		
	High			
	No Preference			

Table 4.4: Observations of Conventional Family Farmers - Buying Supplies

		BRL Level Preference		
		High	Low	No Preference
BRL Flexibility Preference	Low	João ⁱ Paulo ⁱ Bento ⁱⁱ Norberto & Paloma ⁱⁱ Horacio & Heloisa ⁱⁱ Idal ⁱⁱ Lucio ⁱⁱ		
	High			
	No Preference			Horado

Footnotes:

ⁱSpecified preference for high USD when selling and low USD when buying

ⁱⁱStated preference for low level of USD when buying

Table 4.5: Theory of Organic Family Farmers - Selling Crops

		BRL Level Preference		
		High	Low	No Preference
BRL Flexibility Preference	Low			
	High			
	No Preference			

Table 4.6: Observations of Organic Family Farmers - Selling Crops

		BRL Level Preference		
		High	Low	No Preference
BRL Flexibility Preference	Low	Andressa		Augusto
	High			
	No Preference			Gilberto Fabrizia & Antonio Hélio ⁱ Caio ⁱⁱ

Table 4.7: Theory of Organic Family Farmers - Buying Supplies

		BRL Level Preference		
		High	Low	No Preference
BRL Flexibility Preference	Low			
	High			
	No Preference			

Table 4.8: Observations of Organic Family Farmers - Buying Supplies

		BRL Level Preference		
		High	Low	No Preference
BRL Flexibility Preference	Low	Augusto		Andressa
	High			
	No Preference	Caio ⁱ		Gilberto Fabrizia & Antonio Hélio ⁱ

There seems to be an indication of a commonly held preference among conventional family farmers. The organic family farmers were found to have contrasting preferences among themselves. I observed this contrast to be based in the belief that the exchange rate has no impact since organic farmers do not operate in the international market. This divergence in preferences between the organic and conventional family farmers is expressed in the dialogue in the following sections, respectively.

From the Experience of the Organic Family Farmer

Augusto believed the exchange rate impacted him, especially within the last two years; “In the last 2 years, we suffered like this, like a violent impact, you know.” Interestingly, Augusto framed this impact in the availability and change in cost of organic fertilizer and other organic supplies. According to Augusto:

It is with the rise of the dollar that these formulas [chemical fertilizers] had a very large increase, so they [conventional producers] started using a lot of urine [organic fertilizer]. That raised the price for us. It stayed very expensive and - People started to use [it], the big producers, right. Looking at the cost and benefit, which is a much more complete correction, right. And for a longer period. So that doubled the value.

An expert in Agronomy I spoke with had confirmed Augusto’s observation, stating that it was the increase in the USD that initially put strain on conventional farmers, specifically straining agribusiness. There had been a supply shock that had exacerbated the strain on agribusiness producers using conventional supplies. The increased cost of conventional supplies resulted in the purchasing of organic supplies by agribusiness, which led to the increase in the cost of organic supplies for all farmers.

Augusto also spoke how the increase in the price of diesel due from the depreciated BRL had impacted his capacity to operate his farm. Augusto’s experience with the increased cost of diesel was this; “This year the issue of soil preparation and irrigation became very high [diesel], which irrigation is diesel. So this will be a very significant cost. And it wasn’t passed on to the product. It was failed to be passed on to the product.” It was not asked if the price of diesel increased so much that soil preparation had received less attention in this period compared to prior periods. However, during part of this conversation, Augusto seemed more concerned on the loss from the pricing not being passed through to the final product.

The failure to pass on the cost to the final product was due to the markets that Augusto sold to. Specifically, Augusto sold approximately 70% to São Paulo, which, “did not allow it [the price of the products] to increase”.

This failure to pass on the increased cost to the consumer in smaller and less affluent markets also occurred. Andressa, the representative of the cooperative and the spouse of Augusto stated that:

What we have been observing mainly is an increase in the cost of production and then many times we are not able to include this cost in the products. Because we have a difficulty, the price for people to acquire is very high, to buy the product. Because here in our city, people's purchasing power is not so high. It would be totally different if the cooperative were in another city, for example Florianópolis, it would be a different reality.

However, the price pass-through to the consumer in a larger and a more affluent market was not experienced by Augusto. This contradiction in expectations regarding potential experiences between two members within the same cooperative produced ambiguous results on price-pass through for the organic family farmer: non-tradable producers in this study. Alternatively, it could be that Andressa was speaking to the ability to price the products according to regional markets. This could mitigate the effects of the increased costs not being passed through, According to Andressa, produce sold in São Paulo was priced 50% higher than the produce sold in the central region of Santa Catarina. Augusto also substantiated his preference for this strategy by saying that he preferred to sell in São Paulo because of the increased pricing.

Additionally, Augusto was not sure on the amount of influence that the level of the BRL:US exchange rate exerted over his farming practices, when asked if he preferred a different level of the exchange rate. However, he did state a preference for a specific level. As he continued to think on this, he then contextualized his preference with the cost of imported packaging materials:

Gustavo: For example, would it be better to have 1:1 BRL:USD [or] 5:1? 1 USD or 5 BRL. Does this influence in any way? For your sake?

Augusto: Oh, not that I notice a lot of influence on that, it's not true. It's packaging, right. Yes, I think that when the [US] Dollar is high for us, it is much more difficult to buy packaging that we can take as an example, right. Bottles today, bottles of wine, right, true, okay.

Márcia: A note for being, imported in the house [into the country], right.

Augusto: So on that question. The ideal would be to have it [the BRL] closer [to the USD], but I don't know to what extent that influences. Maybe the BRL is more appreciated than the [US] Dollar is lower, I don't know. Or if this difference has decreased, the BRL becomes more valued.

In this part of the conversation, it was not asked if the cost of the packaging had changed from when he started purchasing the packaging. However, the depreciated value of the BRL could have very well increased Augusto's sensitivity to the changes in cost.

Within this part of the conversation, Augusto was asked if it was worse to buy supplies or sell his products. He replied, "It's worse to buy. These sales of ours are not influenced so so like this, directly like this, the [US] Dollar rose in our products. Understand? I think the purchase is much more influenced [by the BRL:USD exchange rate], mainly by this one, by the issue of the products that we buy."

Also of significance was the distinction by Augusto that it did not matter if the purchased supplies were imported or from domestic suppliers. Augusto observed that all of his purchases were based on the USD; "it is not enough of the machines that they must buy in [the US] Dollar. Other materials must be in [US] Dollars, so no one has it. I think that, even though it's a national [domestic] packaging issue, it's based on the [US] Dollar and I don't have it."

While it was not asked what specific materials Augusto was referring to, this observation holds significance. Of importance here, is the potential dollarization and therefore globalization

working its way into business transactions for supplies that might not be commodities, which do not have any standardized pricing mechanism.

As such, Augusto specifically stated the preference of the tradeoff between the high cost of purchasing supplies and the timing of selling produce to pay obligations as they come due. However, in speaking on this topic, Augusto stated his preference for a stable exchange rate. The preference for a stable exchange rate was shared among every organic family farmer who thought the exchange rate had an impact.

However, the exchange rate was not always believed to have an impact on production. Hélio, the organic family farmer who was not part of the cooperative shared his initial thoughts on globalization and the exchange rate impacting his capacity to produce:

Márcia: Now there will be these exchange rate issues. Different levels of exchange rate explanations impact your ability to buy inputs and sell output. Yeah, how do you perceive this?

Hélio: Look, I've never followed any of this issue. These exchange rate variations that actually [don't] exist in agroecology, as we don't use imported inputs, things, right, they were from the seed, it's something like that. So I don't see any impact.

However, Hélio did contradict his initial belief on the impact of the exchange rate, with his recognition that his purchasing power had substantially declined beginning around the end of 2019 and the start of 2020:

Márcia: When you think about the end of 2019, the first half of 2020, how was your ability to buy inputs or sell products? Which maybe was impacted by the price, by price fluctuations.

Hélio: I don't remember off the top of my head like that, but it was less complicated than it is today. Today with course to say these things. That's it, okay. In that, in that sense, impact, then, if it would be contradicting what I said earlier. But if that's it.

Márcia: Which I think is..... So, what impacts, in fact, are the things you need to work in other forms, diesel, and here on the property, construction then...

Hélio: So, look, yeah, yeah, that's what I managed to do at that time. Today I can't achieve more. Our purchasing power has plummeted, it's not much, much, much, much... equal.

Gilberto was another organic family farmer who did not believe the exchange rate to have any impact on the operations of the farm. When asked as to whether there was an impact, Gilberto replied:

But like this, it's that, we don't even deal with it here, you know. - It's like a deal, like with only the BRL, right. So then we don't, we don't notice a difference because we just deal with it that way. So, let's suppose, if we depended on getting a job. Then we don't know what to say.

However, the belief of whether or not the exchange rate impacted farming operations had prompted some disagreement among Gilberto's family members. Caio, who was the brother of Gilberto, stated that the exchange rate did have an impact. While Fabrizia, who was the sister of both Caio and Gilberto, did not know if the exchange rate did have an impact. For example, Caio who was also the secretary for the local cooperative, stated:

I think the [US] Dollar for us, the BRL has devalued, a lot this year. Because like for us, it compacts more fuel, right. Because diesel oil today in Brazil is more expensive than gasoline. And then, what does it depend on me, right. I think diesel is expensive from there. The return of the devaluation of the BRL I think, I think it comes from outside [the country], right.

While the BRL had not significantly depreciated in 2022, the price of diesel did increase in Brazil for reasons, which fall outside the scope of this study. However, and more important to the scope of this study was that Caio expressed a preference for the exchange rate based off a commodity that is priced in the world market.

Alternative to Caio, was Fabrizia and her husband Antônio's belief. Antônio stated; "I don't work for outside [exportation]". However, when considering the exchange rate and the cost

of supplies they stated that; “lately, it has gone up a lot.” Ultimately, Antonio did not know and did not think further on this topic.

Overall, the results were mixed as to who believed they were being impacted by globalization, through various policies of the exchange rate. The consensus among the family farmers that I interviewed was that the cost of supplies had increased and as demonstrated by Augusto, the reason for the increase was due to the fact that “everything” was priced in the USD. The exception to this pricing was the organic supplies that were purchased in Brazil by the local cooperative. However, Augusto also demonstrated that the increased cost resulting from the depreciated value of the BRL and supply issues had forced conventional producers to start purchasing organic fertilizer, subsequently driving up the cost. As such, Augusto’s example provided a clear picture of how globalization was affecting the experiences of the other organic family farmers who had also stated that the cost of supplies had increased.

The ambiguity surrounding organic family farmer preferences resulted from the belief that there was no interaction between the exchange rate and organic farmer. Beliefs regarding the impact of the BRL:USD exchange rate could be significant since this belief could consequently diminish the solidarity I observed among the family farmers throughout my research, by creating disagreement among family farmers and potential MST members who valued economic development. Solidarity could be diminished further, given the potential of pricing out the customers in their community due from the need to raise prices, resulting from the high cost of supplies.

From the Experiences of the Conventional Family Farmer

João was 59 years old and identified as a white male. He had also completed technical education in livestock production and had been working in agriculture for over 40 years since he was a child. He had ten children and João worked as a conventional farmer. He chose conventional production because of the perception for profitability in the marketplace. The primary products he cultivated were soy and corn. He was also the owner of the property, which totaled approximately 148 acres. Being actively engaged in globalization, João believed the exchange rate impacted his capacity to operate his farm and he preferred a high and stable value of the BRL to sell his crop.

When asked about the impact the exchange rate had on his capacity to buy supplies and sell his products, João stated that:

This has a lot of impact and I see that a lot of people put their feet in their hands, there are guys who take a little time to buy to scale. Then it's taken to the bank. Today you have to pay to have to sell; do it cheaper. It really sucks, right. To be able to pay the financing, It really sucks, right. Then, like, we usually depend on the cattle there at that time. In this period of time, now that it was September, October there. I already had money that was a little quiet. It's a working capital. Then you will buy it [,the fertilizer,] there in February, you already bought it. The fertilizer is stored. [The] fertilizer is all inside the shed, the fertilizer is stored there, everything is fine. - Soybean too, part of it is already there because it's for now. It's part that was left from soy for seed. And then, you go, you have to wait for the exchange rate to sell the product. We, I expect it to change to hold the product.

João was very mindful of expenses while being engaged in globalization and resulting impacts being transferred through the exchange rate. João utilized different methods of agriculture like livestock to not only eliminate costs related to financing, which could be affected by the exchange rate, but to generate working capital from the sale of the milk in periods for when there was no incoming cash flow. These periods of time where there was no incoming cash flow could have been due from João waiting for changes in the exchange rate that he thought would benefit him the most. As such, João's management of the farm revolved around ways to create self-

sufficiency while operating within the global market. When asked how he checked the exchange rate, João replied; “Everyday”. He then proceeded to show Márcia, Gustavo, and me an informal group that he was a part of and that was created over WhatsApp. The group posted the daily prices of various products and any other information relevant to their operations.

Interestingly, João’s issue was not about operating within the environment of globalization. Rather, the issue was having access to information in which he could then act on, in an informed way; “If you are without information. It's just that sometimes, to go there to sell later, but it’s already lower [the price resulting from the exchange rate]. - The exchange rate varies, right. The low dollar goes up, lowers, goes up”.

João was specific to framing the response that was only inclusive of the exchange rate itself by referring to specific situations of when and why he wanted different levels of the exchange rate. With the exchange rate variations in mind, João preferred to buy supplies when the value of the USD was low and to sell his products when the USD was high; “It's like, I'm going to buy the fertilizer? The dollar has to be low. I'll get lucky. The dollar has to be high”.

Paulo, was also part of the WhatsApp group. He primarily produced soy, corn, and garlic and echoed the same preference as João about purchasing supplies and put his preferences within the context of the Real Plan;

I think one and one. [inaudible] 93, that in the beginning the Real Plan was there and in fact it was little, it was difficult to adapt, but then it turned out well, very good, right. You had more than ten years. The amount you bought would buy the fertilizer bag today you know [inaudible] two, three years without paying the same amount per day.

Paulo was also asked if he still preferred a higher value for the BRL when he sold his crop. He had replied that he would prefer a higher value when he sold his garlic. The issue here was finding good labor to collect the garlic to then sell; “Yes, yes, it would be much better. - It was very difficult to work with the manpower and he started selling it, but he pretended, he just

prepared it and put it in the box. And now this one I don't think collects everything and doesn't have manpower.” As such, the impact of globalization through the exchange rate could have also been impacting the quality of labor for Paulo.⁸¹

Paulo was further asked if the preference of the exchange rate level was the same when considering the sale of corn and soy. He replied; “Corn, soy, [are] a little different, but it's not much, because like, last year corn had such a price that today [inaudible] it was 86 or 176 soy, but last year to plant corn, soy, I paid the fertilizer at 150, now it's 220 and the value is the same.”

The cost of supplies far exceeded the price of corn and soy for Paulo. As such, Paulo was paying to produce on his property, perhaps the tax of operating in globalization, regardless of choice. Alternatively, the extent of the depreciation of the BRL in relation to the USD could have resulted in the family farmers being sensitive to the change in costs of supplies and less so with changes in the prices of crops.

Bento had also demonstrated the same sensitivity towards costs. There was no perceived difference in Bento's capacity to purchase or sell from 2012 to just before the pandemic. He preferred the period to purchase 3 years prior to 2022; “It's because, like, now the incoming crop is yet to come, right. But if you were to go back like, it's about 3 years ago, it would be better than today if you went to see it, right.”

Alternatively, Horado had no preference for the level of the BRL:USD exchange rate as he used, what I understood to be contracts to plan his production:

Horado: And I think that in terms of impact, like, I count on mine, you know, soy increases, if soy goes below its limit when the domain that I soy goes up, it's a compromise.

Márcia: You can then hold your production for.....

Horado: Yes.

⁸¹ Norberto also echoed the difficulty in the cost of hiring labor to harvest his crops.

Márcia: Selling according to when the price is...Better

Horado: When it's better.

Márcia: It's nice to be able to do that.

Horado: Because if soy is going to be sold, as I don't understand, when it goes up, like June or July there, I sell it up..

The consensus among the conventional farmers that were interviewed was that an increase in the value of the BRL was preferred to purchase the supplies needed to produce and sell their crop. Apart from Horado, all conventional farmers felt an impact of the exchange rate and preferred a higher valued BRL when purchasing. Horado was the exception and had no preference. As Márcia and I understood, Horado entered into contracts to sell at an agreed upon price before production began. However, Márcia was not familiar with the terms Horado was referring to and I could not clearly understand the response. Further, it was not asked why Horado chose to enter into contracts. As such, it can only be speculated that the purpose of the contracts was to eliminate the fluctuations in prices and thereby become a little more resistant in regards to the daily changes of globalization that João, Paulo, and the rest of the conventional family farmers experienced. The use of contracts allowed Horado to plan a predetermined quantity of crop and to do so regardless of the fluctuations of the value of the BRL. While Horado was the only family farmer who stated that he used contracts, his experience had shown that there were options to reduce the impact, and perhaps increase resistance to globalization.

While the use of contracts stabilized the use of crops, it still did not directly address the issue of the high cost of imported supplies that Paulo spoke of. Ultimately, the cost of imported fertilizer was so high that conventional farmers were operating at a loss. The difference between Paulo and Horado was the fluctuations of costs and prices Paulo faced, whereas Horado only needed to consider the cost of supplies.

All the conventional family farmers I interviewed, primarily produced crops for export. However, they also sold produce for domestic production to some extent, or sold minimally processed goods in the public market located in the central region of Santa Catarina. While it was not asked at to why this was done, the sale of more profitable artisanal products could have helped mitigate the effects of the high input costs. However, without this additional source of revenue, family farmers could find themselves in a situation that Paulo found himself. Paulo was just one example where he purchased imported fertilizer and sold garlic for domestic consumption. In cases like these, conventional family farmers could have been operating at even more of a loss. An industry expert had stated that it was quite possible that farmers who buy imported supplies to then sell their products domestically could be doing so at a further loss because of the purchase in USD and sale in BRL.

Additionally, Paulo did not describe the labor issue that he had with garlic when he spoke of corn and soy. The issue with corn and soy was purely financial; the cost of fertilizer being greater than the price of the crop. As such, the potential exchange rate loss from garlic could have very well reflected the labor issue and Paulo's preference for an appreciated level of the BRL to pay quality labor that would help the sale of garlic.

Interestingly, the preference for the stability of the exchange rate was unanimous across all conventional producers. The preference for a stable exchange rate did not matter if they were exporting crops or selling domestically. All the conventional family farmers had agreed that a stable exchange rate would result in better planning since the costs and prices would be stabilized.

In the words of João:

It would be a guarantee, right. It was achieved by giving it to me like, let's say that what you have in your eyes will sell so much and there will be so much left over, ok? But that's not how it works, is it? It's always jumping around, isn't it? But if I had to choose, I would choose stability, right. To plan, yes, I would love.

Conclusion

Throughout the course of my trip to better detail the agricultural sector, I was fortunate to have seen how the family farmers I interviewed worked in a community, creating solidarity. On one side were the organic family farmers who were interviewed in the public market. They held events that were focused on social issues and did not hold a shared belief of their relationship with globalization and were in fact split on whether there was any interaction with the exchange rate. Alternatively, all the conventional family farmers held a common belief that exchange rates and globalization impacted them.

Half the organic family farmers had no preference about the exchange rate because they believed that their farming operations had no interaction with it, whereas seven of the eight conventional family farmers thought there was an impact. The primary reason for the organic farmers not perceiving an impact was that their supplies and crops were thought to have been purchased and sold domestically and therefore believed that they were independent of any interaction with exchange rate policies. In this sense organic family farmers may be more insulated from the exchange rate due from their pricing power when selling and less reliance with purchasing supplies in USD, where they are purchasing domestically sourced organic supplies.

As for the seven conventional family farmers, they believed that the exchange rate impacted their capacities to operate their farms. The common example here was the increase in costs for their supplies. However, Horado did not perceive an impact as he had, from what I understood, secured contracts to sell his crop at a predetermined price prior to the start of production. The use of contracts is indicative that exchange rates may have had an impact on him at one point before. However, I never asked why he chose to use the contracts. As a result, I can only speculate that Horado chose to because of exchange rate policies impacting him.

Preferences for the exchange rate level were almost unanimous across both groups of family farmers who believed there was impact, that a higher BRL was preferred. While some of the organic farmers may not have been certain of the extent that the exchange rate had on their capacity to operate their farms they still thought that a higher valued BRL was more beneficial for their own purchasing. As for the representative of the organic cooperative that was interviewed, she had witnessed a decrease in purchasing power for the cooperative's clients, this illustrating how non-tradable producers, like organic family farmers, are not independent of exchange rate policies. Alternatively, the cooperative priced their produce according to different markets. This could have alleviated the pass-through issues as well as the concern for the purchasing power of consumers in less affluent markets. The consensus for a higher valued BRL for the conventional family farmers was also preferred. This was due from the clear increase in costs of the fertilizers, seeds, and diesel that was experienced. Further, there was one conventional family farmer that also preferred both a higher valued BRL and a lower valued BRL depending when they were buying (higher valued BRL) or selling (lower valued BRL). However, this finding was based on only two family farmers and so holds little significance.

Also of interest was the preference to have a stable exchange rate. All the family farmers who indicated there was an impact from the exchange rate stated a preference for a stable exchange rate. The primary reason for this was to better plan for production and the costs associated with planning. The context of many of the conversations were around the high cost of supplies and variations of prices of crops, while not being able to pass through the changes in the exchange rate to the customer. It was in this sense that the family farmers knew the impact of the exchange rate having influence over their capacity to operate their farms, thus being sensitive to any exchange rate variation, while also providing insight into why the family farmers were knowledgeable of the

exchange rate. This is interesting, given that the exchange rate for conventional family farmers has cross-cutting effects when considering both the purchase of supplies and the sale of crops; a preference for a high valued BRL when buying and a low BRL when selling, respectively.

The solidarity I observed seemed strong in the public market. However, the solidarity surrounding policy preferences for the exchange rate seemed weak and individualistic, rather than collective when compared to issues surrounding land tenure issues and local policies, like the public market mentioned in *Chapter 3*. This is an interesting point given that the family farmers I interviewed seemed to have strong organizational capabilities while also being politically empowered. It is possible that the difference in solidarity I observed between the issues of land tenure and the exchange rate could be due from the fact that there is only one exchange rate for the entire nation and collective action regarding the exchange rate would require all or most Brazilian family farmers to be politically organized around this topic.

However, an alternative to the lack of solidarity between organic and conventional family farmers around exchange rate policies could be the variety of crops that organic and conventional family farmers cultivate and the artisanal products that are sold in the public market and perhaps in different regions in the future. This could allow for a premium in pricing while also easing sectoral tensions regarding the exchange rate preferences among family farmers and perhaps the MST. Alternatively, if both the artisanal products were exported then both sectors of family farmers could be more closely aligned. However, the Brazilian consumer could end up paying for this as the consequence would be a continuance of a depreciated BRL and loss of purchasing power. If this were to occur then a re-evaluation of Cardoso and Faletto's *Dependency and Development in Latin America* would need to be conducted to closely examine not only the

colonial linkages but also the colonial legacy linkages that have occurred, in contemporary times, since 1964.

CHAPTER 5: PREFERENCES OF TIME PERIOD AND EVERYDAY RESISTANCE

I sought to confirm or refute the preferences for a specific exchange rate policy within the past ten years by comparing the period the family farmer chose with the value of the BRL. The selected period was based on the value of the BRL to the USD, which was most valued in 2012 at about 1.90:1.00 and least valued in August 2022 at approximately 5.00:1.00⁸².

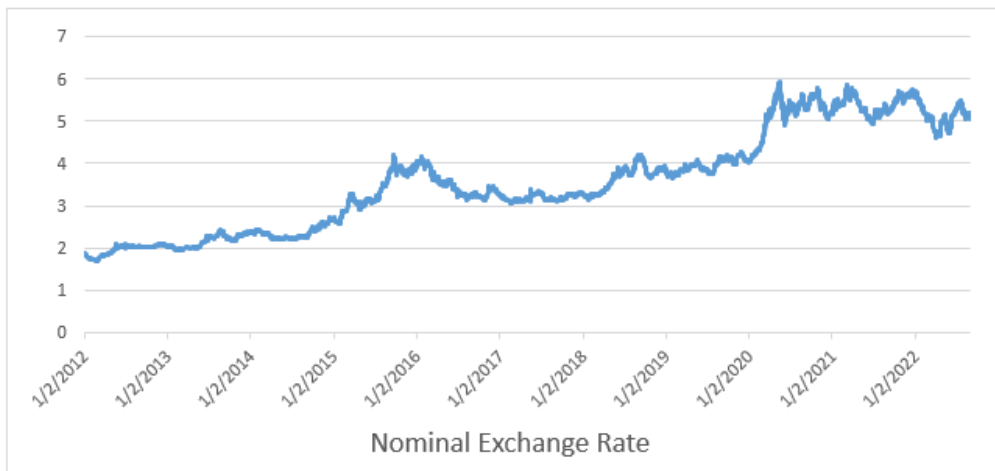


Figure 5.1 Nominal Exchange Rate

⁸² "Statistics," accessed May 1, 2023, <https://www.bcb.gov.br/en/statistics>.

However, the problematic nature of memory and memory impacted by omitted variables like the supply constraint and geopolitical tensions proved unreliable in providing insight into the exact preferences for exchange rate policies. With this said, I have provided a summary table showing the responses to this question. The rationale to the responses is provided in their respective sections; *From the Memories and Experiences of the Organic Family Farmer* and *From the Memories and Experiences of the Conventional Family Farmer*. Memory proved to be unreliable. However, the question did illuminate a sense of Everyday Resistance in the face of progressing globalization, which was perceived to be caused by a combination of government and government politics focusing on the international market instead of the domestic market⁸³, as well as exchange rate policies. Further, the majority of Family Farmers spoke of past experiences. However, João spoke of how he was currently resisting the financialization of farming, by relying on the continual income stream from dairy milk. This business practice is of importance, given that the majority of Family Farmers primary source of income was intermittent due from the harvest of their crops.

⁸³ *Chapter 6: Most Influential Factor on Capacity to Buy and Sell* examines this perspective, as well as the belief that the government does not value family farmers.

Table 5.1: Observations of Organic Family Farmers (Non-Tradable Producers)

Preference of Period to Operate Farm		
Around 2012	Around 2017	Around 2022
Andressa Gilberto ⁱ Caio Fabrizia and Antônio Hélio		Gilberto ⁱ

Footnotes:

ⁱGilberto stated to buy supplies was easier in 2012. However, stated there were challenges in both periods.

Table 5.2: Observations of Conventional Family Farmers (Tradable Producers)

Preference of Period to Operate Farm		
Around 2012	Around 2017	Around 2022
Paulo Bento ⁱ Norberto & Paloma ⁱⁱ Horácio & Heloísa Horado Idal & Ricarda Lucio	Bento ⁱ Norberto & Paloma ⁱⁱ	João ⁱ Norberto & Paloma ⁱⁱ

Footnotes:

ⁱEvery period was better than the current period in 2022.

ⁱⁱNorberto & Paloma stated there was no difference.

From the Memories and Experiences of the Organic Family Farmer

Andressa was one of the three who thought 2012 was the easiest period. The reason for this was because of the availability of resources to support the production of farming, as well as the creation of cooperatives:

The beginning, when it was then, 10 years ago, there were more resources available, people were able to invest more in the property, in terms of financing. There was more incentive, for example, for the creation of the cooperative, it was actually the incentive for it to exist coming from the government.

The specific incentive went to the cooperative, where financing was provided, and the cost of the financing was split equally between the state and the cooperative. Andressa had stated that the specific program that facilitated the creation of the cooperative was Fundo de Desenvolvimento Econômico from the government of the state of Santa Catarina. The only issue with this policy, from Andressa's eyes, was the timing of it. According to Andressa, this program provided many resources for the family farmer.

Andressa: Because the agroindustry (cooperative) received funds. The state government paid 50% of the amount and the cooperative the other 50%, with five years to pay and without interest. And then, for this to materialize, a collective enterprise was needed, which was the cooperative.

Márcia: And what was the program?

Andressa: FDE: Santa Catarina State Government economic development fund. And then there was also the Microbacias 2 project, that's where the people received training, that's when they also had resources for the cooperative, but they received resources individually, each producer. They built a greenhouse, irrigation and everything else. But at that time the trade was still not so open, the sale of organic products was starting, so it was a little closed.

Ultimately, the conversation wound up with family farmers who obtained financial resources from years past and who were struggling at the time of the interview. This had been due to various management decisions by farmers, that had not been discussed in depth, not working out because of the economic environment:

Yes, it depends a lot on the producer. Those who managed to take advantage of this moment and maintain it, today we can say that they are satisfied. Now we have some cases of producers who had all these opportunities, but who had management difficulties, so they are not doing so well, because we are living in a little more of difficult times. So, it depends a lot from producer to producer. There are no rules. It depends a lot on the choices the producer made, the understanding, what he decided to produce, if he invested that resource.

In answering this question, Andressa exemplified how family farmers need to assess the situation and make management decisions that include risks. “There are no rules” and this reality that Andressa and other organic family farmers faced could have been an additional reason for the prevalence of the solidarity that was discussed in *Chapter 3: Potential Origins and Observations of Solidarity in a Rural Community*.

Hélio also thought that 2012 was the easiest period to buy and sell supplies and products. The reason for this was the affordability of labor to manage production; “It would be 16, 10 years ago, which... right... because I had 5 employees with a formal contract. Today there are none. So it's a sign that there was a greater circulation of money, of course.” It was interesting that Hélio came to this conclusion about the period and the affordability of labor. Throughout the interview, Hélio had expressed that it was the government and not the exchange rate that held influence over his capacity to produce. However, in this moment Hélio had started to think about how the exchange rate may have had an impact on his capability to hire employees.

Gilberto had also stated that 2012 was the easiest time to purchase supplies. However, Gilberto still chose to produce his own compost to be used as fertilizer during this time:

There isn't one [time period] there, [where] it was more difficult to relax that line, you know. In the beginning, right there in the beginning, we were able to bring it [supplies] in and let it go through. There, saved a little. Before, I used to throw in some things that could not keep - it has to be composted, but in the beginning we could make that input... So it wasn't that difficult, it wasn't for us to select, right, and purchase [fertilizer]. It was cheaper, true, at that time it was very cheap, yes, that's where we bought sit down for organic, then it was very cheap.

Even though supplies were less expensive for Gilberto to purchase in 2012 or 2017, he still thought that overall, his capacity to produce crops and manage his property was better in 2022:

Gilberto: I mean, it's not so difficult today, but one of the days we work, right. Because things are difficult. But I think it's better for me than transposing, 10 years ago, 5 years ago, for me it's today, it's better.

Márcia: I think that today, more questions, little like that, the values that have increased a lot.....Because now we have more technology, we have more information, you already have your cooperative associations consolidated, you do. [inaudible] where to send the goods. Of course, like all limits, right, but there's more?

Gilberto: There are difficulties, [with] everything, you know, more than today, it's more difficult to know. Even companies in São Paulo have changed, right. But, but it's still like that. It's the best yet, right. We can notice the [inaudible] breathing, right. If it gets bad on that side, imagine for [inaudible]. All clear, right.

It was clear from Gilberto's response that he was less concerned with the exchange rate and was more attentive to the overall market structure for organic farming. While Márcia was the one to state the specific reasons, like technology, cooperatives, etc., Gilberto confirmed this while also being mindful that there will always be difficulties; no matter the environment that he will be operating in. Reflecting on this now leads me to think that it was unfortunate to not have asked him to explain more on these difficulties. Was Gilberto speaking on life in general related to organic farming? Or, was he speaking more specifically on the consistent challenges to always be developing the market structure for organic farming in Brazil? As such, one can only speculate on the difficulties referred by Gilberto remain ambiguous.

According to all the organic family farmers that were asked, the easier period was around 2012. The reasoning for this ranged from the increase in costs of supplies, the availability and accessibility of government programs, and perhaps the purchasing power from the exchange rate level. However, the strongest sentiment throughout all the responses was that times for the organic family farmer were just better in the past. This was most likely due to how memory is proved to

be unreliable with exact events, as well as being further impacted by omitted variable bias of the supply shocks and geopolitical events occurring during the period of when the interviews were being conducted. Due to the unreliability of memory in and of itself and then with the lack of consideration of current events, this section is ultimately inconclusive in regard to seeking to temporally confirm exchange rate preferences.

However, it became clearer during these discussions the uncertainty and shocks that family farmers face daily. The general uncertainty of management decisions expressed by Andressa, the decline of affordability in labor experienced by Hélio, and the general difficulties that Gilberto faced were all part of organic family farming operating within globalized market pressures that were transferred through the exchange rate to the organic family farmer. However, it is quite possible that the challenges the organic family farmers faced and their response of Everyday Resistance to globalized inputs, by working through each challenge, may have helped instill solidarity with all the family farmers I interviewed.

From the Memories and Experiences of the Conventional Family Farmer

Paulo thought the period around 2012 to 2015 was the easiest time to buy and sell. The prices for fertilizers were stable and he achieved the purchase of a tractor in 2015 with a fixed interest rate of 2% per year:

Paulo: 2012, right? It was still an era, it was and had no inflation. And if you programmed, you would buy fertilizer there or, let's say, you could buy it, but you would use it. You could go back there in two months. Six months was the same price. If it changed like two, three, five, right? And it was much more stable inside the machinery, right? I bought a 2015 tractor, but I advertised in ten times ten years, earning more food now at 2% per year. One there, a tractor. At that time I paid 105,000 for the same tractor, now it has 300,000 and I'm still paying that same amount.

Gustavo: It's also the highest interest rate.

Paulo: It is today the highest interest has the value. A tractor I paid 105,000 to 300,000 from in addition to the 300,000 from [inaudible] was 2% interest. Now, I don't even know how many rates, like 5%, 6% and even there's no more food.

Márcia: But that's a question of mine, this interest at 2%, until you finish paying it, it stays at 2%, always.

Paulo: It's that.

Márcia: [If] changed, the scenario, you will pay 5%.

Paulo: Not with each installment that decreases. You're going to pay interest, right.

Horácio and Heloisa also thought the easier time period was around 2012:

10 years ago, if you look, to buy, that was much easier, right? - I don't remember exactly, but the cost of 1 hectare of crops was much lower. On the matter of beans, once again you made more money than today, because it has always had such stability, price stability until today, like if I didn't sell the price. Look, it sold 200 or so, but compared to the cost of production, what was it? It gave less money than at that time the Real had more purchasing power. [Inaudible], we have to take it, take 100 BRL here in the market, you voted for us as an actor, whatever it was. This market brings nothing else, because I don't like the shirt. It doesn't give much, then it was, 10 years ago, it was much easier the purchasing power you had was much, much higher.

While Paulo primarily responded in the context of interest rates for financing options, Horácio responded by speaking to the cost per hectare and the difference in purchasing power from

2012 to 2022. Idal also thought 2012 was a more lucrative period to be a family farmer. Idal framed his response with the cost of supplies and prices of the crops. He stated that while the prices of the crops were not as high as they are today, there still existed a better profit margin than today:

I think 10 years ago it was better. When there was this period, now that we talked about there, from there, where we made a lot of money and it was just using what we earned there, it's already going now because now it's reversed, right? Now the inputs went up there and the price of the product itself, so, on this one, what margin did you take there? Mine is still there. And in that period, 10 10 years ago, it was more stable. It's a question of everything, of inputs, of. Everything was more. The price wasn't the prices it is today, but there is a better margin. We rely on the soy issue a lot. That was when I was good, a bag of soybeans. If you buy an fertilizer [inaudible], that was a relationship. Silly, right, and today it's the opposite. Today there's a bag and a half of soybeans, you buy one of fertilizer.

Idal, just like Paulo also noted the cost of financing to invest in equipment and machinery:

Interest rates were lower, so with us, we benefited from this increase now, in fact, from this turn, there, in the pandemic that we work like this, you do a lot of soy bags, right? So [inaudible] I went. I had 11 installments from a machine that I needed 200 bags of soybeans to pay the installment for that machine. And now this increase...has decreased to less than half, so this. So, if it had made more investments back then, today it would be easy to pay these things in amounts; they almost tripled.

Interestingly, João preferred 2022. The reason for this was that he was believed himself to be self-sufficient where he didn't rely on bank financing for working capital. João relied on his own working capital, which was the milk from the cows that he owned. However, he still accepted crop insurance:

João: To buy and to sell? If you have the money, don't think that you just want a coin, because in addition to financing a part, you didn't have all the working capital, but they financed the part and then it was more difficult, because then you pay more, then food that the profit will decrease, the margin will decrease.

Márcia: So it was more difficult?

João: Yes.

Gustavo: So now you only work with your own money?

João: Exactly now, leaving the bank, not mixing with the bank.

Gustavo: Then you do insurance and farming, right.

João: Get insurance. Get insurance. This to cultivate safely too. That's why the other accounts don't take out insurance right now and they're thinking of doing it, Cresol does. [The] point [to] the question is [it's] more expensive. Do you have an idea that it's just not giving assistance? Like, those stone guys over there? It could be a decrease, it could be a holy day. I called the guys come here, take a picture, look [inaudible], if you can make it happen.

Another issue with the credit cooperative that João had used was the excess fees:

In the cooperative, I was paying 200 *** the cooperative Cresol has. Cresol asks if it finances, like the problem with credit purchases is that, passive, Cresol is just work, they charge me 1% for technical assistance, but they never come here.

[For example,] You will plant what a variety! He [,the cooperative,] doesn't even know how I'm going to launch the big winery that is in that region. Which will give [to the] region. So they are out. So you go there, take the money and just want to take a portion of them right away and then just don't release them there.

While Paulo, Idal, and Horácio all preferred the period around 2012, João did not. João preferred to work with his own capital and did not trust the credit cooperative. As such, João was independent from financing, which gave him the control and security he needed to live within the environment of globalization; a constantly changing BRL:USD exchange rate, and low prices for his crops relative to the high cost of fertilizer. João also utilized crop insurance and so if he lost a crop, he would be compensated. Even if he did not have crop insurance he still had the milk from his cows and the land to subsist on until the next harvest. João's self-sufficiency was his way of exercising everyday resistance against potential extractive lending practices passed by the government that could potentially setback the progress that has been made in agrarian reform.

Conclusion

When interviewing both conventional and organic family farmers, it became apparent that their past experiences centered on challenges and resistance to globalized forces on a daily basis. The period around 2012 seemed to be the most preferred period to buy and sell supplies and crops, respectively. The reasons for this period seemed to be due from a sense of greater availability to financing options and economic programs. However, the family farmers in the central region of Santa Catarina continually exercised resistance in that they were able to overcome the reduced resources since 2012, fluctuating prices, costs, and profit margins imposed by globalization, as well as a lack of government policies to develop the domestic market. Interestingly, the inattention of the government, seen by a reduction of resources, to facilitate production for a domestic market for the family farmer appears to be a continuation of the policies that the São Paulo coffee planters facilitated to exclude a specific class of individuals from the economy, seen in *Chapter 3*. As such, the disaggregation of sectoral production type might not be of significance. Rather colonial legacy that seeks to exclude the family farmer when evaluating the availability of resources could be an alternative rationale, considering that I interviewed both organic family farmers (non-tradable farmers of horticultural products) and conventional family farmers (tradable family farmers of corn and soy). However, without further research on the amount and availability of resources, as well as laws that allow for the domestic market to be established, I can only speculate as to whether this is a colonial legacy.

CHAPTER 6: MOST INFLUENTIAL FACTOR ON CAPACITY TO BUY AND SELL

In the conversations I had with family farmers about whether the exchange rate impacted their capacity to operate their farms and what their subsequent exchange rate preferences were, I started to better understand the societal and economic context in which they were operating in. This societal context was exemplified in *Chapter 3: Potential Origins and Observations of Solidarity in a Rural Community*, as well as being indicated in a sectoral sense in *Chapter 5: Preferences of Time Period and Everyday Resistance*, where the family farmers seemed to share a belief on what they thought was the most influential factor on their capacities to operate their farms; availability and access to government resources and changing market conditions due from the imposition of globalization.

While the prior chapters of my thesis may indicate certain beliefs and subsequent values, they do not directly discuss what the most influencing factor may be. In this chapter I asked if the exchange rate, economic programs, or the government and government politics were thought to most influence their capacity to operate. The purpose of this question was to gain an understanding as to the level of impact in relation to alternative mechanisms that could be of more importance. As can be seen in Table 6.1, nearly all organic family farmers believed government and government politics to be the most influential factor, whereas the conventional family farmers were more dispersed in their beliefs on the most influencing factor. However, even in this dispersion, the conventional family farmers still seemed to indicate that government and government politics were included in the context of alternative responses of the exchange rate or economic programs.

Table 6.1: Observations of Organic Family Farmers (Non-Tradable Producers)

Most Influencing Factor			
Exchange Rate	Economic Programs	Government & Government Politics	Not Stated
Andressa Augusto		Gilberto Caio older Hélio Fabrizia and Antônio	

Table 6.2: Observations of Conventional Family Farmers (Tradable Producers)

Conventional Family Farmers (Tradable Producers)			
Most Influencing Factor			
Exchange Rate	Economic Programs	Government & Government Politics	Not Stated
João ⁱ Paulo Horado Idal & Ricarda ⁱ	Idal & Ricarda ⁱ	João ⁱ Bento Horácio & Heloísa Lucio	Norberto & Paloma

Footnotes:

ⁱJoão stated both the exchange rate and government & government politics influenced equally.

ⁱⁱNorberto & Paloma were not asked the complete question when the question was repeated. Resulting response cannot be used.

Organic Family Farmer Perspectives

Hélio may have been the family farmer to express the most about government and government policies being the most influential factor on his capacity to operate his farm:

Márcia: And now this question, which I imagine you will speak volumes on. To be able to buy your inputs and sell your production without difficulties, do you believe that the exchange rate, political, economic, governmental have any influence and why?

Hélio: So, look, for example. We see that, there was a time when the government of the Ministry of Agrarian Development and Family Agriculture had a port of resources, right. It's easier, especially for cooperatives, for groups, you know. So I think that was a very important moment, which is where many associations were created. To build physical structures, to buy a vehicle to transport a position, right. To sell the product to the institutional market, and so the best, right. The school lunch, anyway, so that was a very important thing that, today, no longer exists.

So, if the government really wanted to support the position of small producers instead of promoting agribusiness, big business, right. Because in fact they take the money, not the majority, never paid, they never return this money, being a way to get rid of paying a large part. So I think if it was directed to be a resource for those who were going to have a small one. There would be a giant transformation, I think so. We saw, because the little that had a little period, that had support, how it evolved, you know. -Then there was a resource, for example, the non-refundable fund of the rural SC. - So, when the government wants to give one, give a strong one, it has conditions, it knows it, if it really wants to support it. Things could be much easier.....

There was another situation that, then I don't know, that was before 2008 and [19]89. I think it was [19]86, [19]87 around then. There was a federal government program that was for the microentrepreneur, microenterprise, social. I want an amazing job. Depending on the person who returns to the policies to try to resume. But I said that it was, for example, me, they wrote printed for. For the payment was based on equivalence of the product. So, for example, what do you want? Plant carrots, beets, lettuce.... So I'm going to take 50,000 BRL. 50,000 BRL divided into a head of lettuce from above the PT. But, most important of all this is that it requires the quotation was made in the market. At the local market, then you took it 3 times. Supermarket, quote and average price, the price you would receive for the product. I've never seen anything like it.

Márcia: This functioned well?

Hélio: It worked for a short time, because then the doors, people who took resources, many of them took resources. If traveling to Spain then place. They diverted resources. But those who took resources bought a Sabará. So, for example, like, uh I worked the vegetables, the vegetables, I went to the old LBA there at the bar, or I went to Brazil, or I went to my father or I went to the hospital. So I remember people saying, we've

never eaten so much so well in our lives. But we've never dressed so well in our lives, because the seamstress had to pay for the loan with clothes. There you are, bedding. You know, clothes to jump in nursing homes, hospitals. Then the guy from the bakery, two friends of mine, bought the bakery, he supplied the bread to the hospitals and everything fresh, brand new. Trying to eat one so good, never dressed as good as she is. So all funding was paid based on what your product was worth. So we don't worry about selling the product, see? With the best price. This can be done. This had to be done again. It's an extraordinary thing!

Márcia: If I achieved to understand, how did it work? Social microenterprise. You received a resource from me, already saying what you produce. You would receive it, already paid, and then you produced it to sell it to...

Hélio: To deliver – It was paid – to hotels, schools, nursing homes - So you didn't worry about the interest, you didn't worry about the deadline, because if it rains badly, you don't have to pay. He knew what he got, grain, bank no, no, wait. – It was in 1987.

Michael: I thought Brazil had a program with small producers to sell to universities and schools?

Hélio: Yes, it still exists, it still exists. But it is very.... It's very limited. About the resource today. So it was really good. I remember that our colleagues used to produce honey. - Talking about there and we never, never managed to have an income as important as we had everything for the army, for school, for everything. So they didn't get the price from middlemen, they got the final price of the product. So that middleman brand, he stayed with them. I'm nothing fairer, right? That one they worked on, that made an effort because with the third one you have to get into the middle that doesn't do shit, nor does this one.

Gilberto echoed Hélio's thinking of how politics and government programs most influence his capacity to buy and sell supplies and products, respectively. In Gilberto's words; "It's because that's how they fight, each one had. - it doesn't matter from one to another, everything changed, you know - But I think it's just because of politics. Me, it's not because it's not, so things change a lot in politics there."

Caio, Gilberto's older brother also shared the same sentiment. However, his rationale was based more on ethnicity:

Caio: I think the political part is everything in this case. The white government that did nothing to solve it, not this government.

Márcia: Yeah, the current government is complicated.

Caio: I don't know if you like to read, but I don't like it because he didn't do anything!!

The two family farmers that stated the exchange rate had the most impact were Andressa and Augusto. Andressa did not have anything more say for the response of this question. She had felt as though she spoke sufficiently on this topic in the question of whether the exchange rate had impacted the cooperatives capacity to purchase supplies and sell the crops. For Andressa, the way the exchange rate influenced the cooperatives capacity to buy and sell was due from high costs, but also a loss in purchasing power for the consumer.

Augusto had thought that the exchange rate was the biggest influence on his capacity to produce by way of the increase in prices. However, he was not quite certain of how it could impact him. Augusto knew that the if the cost of organic produce compared to conventional produce was higher due from the exchange rate or any other factor resulting from globalization, then people would choose the conventional produce over the organic produce:

What I see, so the main difficulty is, I think it's kind of indirectly, you know? Because if the cost is high, in general, people stop eating organic foods and go for conventional dishes, you know? In this sense, which has added value or even so, at a fair where you sell food and handicrafts, we noticed at this time now, handicrafts, nobody buys almost people buy food, you know? Clothes are more difficult, people buy clothes, people buy food. So in that same sense, maybe even organic, you know? Many stop buying the organic [and] go to eat and go for the conventional one, because whether they like it or not, it is 20 to 30% cheaper.

Hélio, Gilberto, and Caio all thought government policies influenced their capacity to operate their farms the most, whereas Augusto and Andressa had thought that it was the cost of supplies by way of the exchange rate that had influenced their capacity the most. While Augusto and Andressa were married it is possible that they could have influenced each others views on the questions in the interviews. However, as was seen in *Chapter 4* and *Chapter 5*, Augusto and Andressa did have different views on the questions. With this in mind, it is even more interesting

that Augusto who is 30 years old and Andressa who is 29 years old held a more economic view on their capacity to operate the farm and cooperative compared to Hélio, Gilberto, Caio, Fabrizia and Antônio, who were 61, 44, 48, 42 and 44, years old, respectively. I can only speculate as to why this may be. One reason is that Augusto and Andressa could be less outspoken with their views about the government for some unknown reason. Another possibility is that Augusto and Andressa grew up in a time where there was significant economic expansion and stability in Brazil compared to the lost decade in the 1980's. Additionally, both Augusto and Andressa would have been too young to truly experience the hyperinflation that existed during the early 1990's, as well as the currency transition from the Cruzeiro to the Real. Furthermore, any public debate that took place during the 1990's could have also been non-existent to Augusto and Andressa, unless this was something that was learnt in their formal education, familial education, or through any media outlet.

Conventional Family Farmer Perspectives

When interviewing Horacio and Heloísa, Horacio stated his belief that it was politics and leaders in government valuing large agribusiness over the small producer:

If it would have a lot of agreements, I gather that most of these leaders revolve a lot around the agribusiness of the big producers, right. And then... the little one, always on [inaudible] wakes up from the weakest point, right. The consumer already there, the final consumer also always pays the duck, that his part of the exchange [rate] today is practically not his whole life [as compared to agribusiness]. It was almost always like this. The export part and things always from the agribusiness, from the big producers there is always more... more value [towards agribusiness], right. Which is what the government tells me the most, right and two, small producer, who internally is always more left behind. It's always paddling more, right.... There's not a lot I think, in my opinion, I think that in different crops in all countries, it should have been subsidized and in the government, there would be [in] greater control over production and the [family] farmer would also be more valued, you know. You would have an extra guarantee, because we are companies that are open, right. But a little bit comes a quarry, a [hail]storm. One thing you lose all production and it's gone, right. You don't have a guarantee up front. - I even think that the final consumer in the market would be much cheaper [nutritional] food. The government subsidizes and for the [family] farmer it would be better, he would have a better income. And the final consumer product, also on the market would be cheaper with cheaper to buy on the market and maybe a better quality product.

Horacio's thoughts on the government placing too much importance on large agribusiness exportation was similar to Bento's thoughts on what he thought most influenced his capacity to produce crops and buy supplies. Bento did not state that he thought the government placed more importance on large agribusiness verse family farmers. However, he did state the government valued the exportation of crops and importation of supplies too much. The focus the government had on exporting and importing had left Bento frustrated and questioning the government on why Brazil could not be more self sufficient:

On the part of the government, we feel that the type of input there that it has already taken here in Brazil, says it can be self-sufficient. The product is imported, exported, it imports a lot, right, from outside [the country], right. So, if you look at the government, it's a little to blame for that. Must have, right. Why was it [input] missing? Hence the lack that generates a price, right. That bothers you the most, right.

While João thought politics and the exchange rate influenced his capacity the most, his response was still framed in a way that was similar to Horacio and Bento's views. João thought that politics in government were focused on being engaged with globalization and as such this meant the exchange rate also impacted his capacity. João thought; "these policies, there is...in fact, I think that I think it had a lot of influence." As a result, the USD had a significant impact; "Like, the dollar went up, up, up, [increasing] fertilizer. If the dollar goes up sliding up, the fertilizer went up, the dollar went down, it didn't go down, it stayed on top. The piglet grows with high blood pressure."

João was clearly feeling the impact from globalization, whether by way of the exchange rate or supply and demand factors, and thought the primary mechanism this was occurring in was the BRL:USD exchange rate. However, Paulo's view contrasted João's. Paulo had expressed doubt on the exchange rate being the cause of the increase in the cost of fertilizer. He observed that the price of fertilizers, corn, and soy were attached to the relative value of the USD. However, the cost of fertilizers continued to increase as the price of corn and soy stayed the same. Additionally, Paulo had framed his response in a way that did not lead to a clear conclusion on whether he thought it was the exchange rate, government or economic programs. As such, Paulo thought; "They claim that the fertilizer, the inputs [are] purchased in dollars, right, and what you have to sell soy or corn, which is [inaudible] But I don't know if at the moment the value was not the same as it was over a year ago and the inputs continue to rise."

As discussed in *Chapter 4*, João and Paulo were members of the same informal group that had helped and relied on each other. However, even members of the same network (WhatsApp group) that share the same information, could not come to the same conclusion on what the primary influence was on their capacity to buy supplies or sell their crops. João thought the exchange rate

was the reason for the increase in the cost of fertilizer and on the other side was Paulo. Paulo had taken into consideration the relative change in the exchange rate alongside with what he observed to be a consistent change in the cost of fertilizer and price of the crops. Taking all three factors into account, Paulo noticed that there was no price change in the crop but there was a change for the fertilizer. As such, his conclusion had led him to question the pricing mechanism for the fertilizer. Whereas João appeared to have been focused on the exchange rate and the cost of fertilizer itself. This had left João concluding that the exchange rate, by way of government policies, greatly influenced his capacity to buy supplies and sell his crops. However, Paulo did not state his belief as to whether government policies had any influence on his capacity. As such, this leads one to speculate as to whether Paulo thought the government was a voluntary participant in engaging in globalization. Whereas, João had certainly thought the government voluntarily engaged in globalization, as did Horacio and Bento. While this point is unclear in Paulo's case, the underlying impact from globalization, by way of the exchange rate or other factors, was clear; "The piglet grows with high blood pressure."

Lucio, just like Paulo, also framed his response in an economic perspective. However, Lucio prioritized his preference for the creation of a local market structure to sell something other than corn and soy. According to Lucio, the market for corn and soy had an established structure compared to horticultural produce and additional *alimentos* like beans, which did not have an established structure. As such, the ease to sell soy far surpassed the ease to sell beans, as there were readily available prices to sell. The only place for Lucio to sell produce was the public market in the area. However, from my observations, the public market only sold organic produce and not conventional produce:

Lucio: I only have 1,000 bags, of soy to sell, you can take it to the cooperative. In [another town], all you have to do is arrive, pull over the truck, unload the soybeans.

Alanza: More stable soybeans, right?

Lucio: Now, to leave from the moment, soybeans, corn, from the moment that I plant beans. Because our region here, for example, beans, I already have to go there and ask, if I'm on the list, do you want me [to] buy? The price is paid, is related to the [quality of the] crop.

While João, Horacio, and Bento all thought that the government placed emphasis to trade in international markets, Lucio provided an example of what that emphasis meant for the development of products sold in the domestic market. Taking into comparison these two viewpoints enlighten the observer on the impact that globalization can have on the domestic market. While the cause for this emphasis, whether it be an agricultural interest group, or a sectoral group focused on exporting is not known. It is known, at least through the eyes of Lucio, that the development of the internal market structure to conduct transactions with his community was limited in scope and was stagnated. It is also known that Lucio wanted a more efficient domestic market to sell goods to.

Alternatively, Idal had thought the biggest influence on his capacity to buy and sell supplies and his crops, respectively, was the exchange rate. The reason for this belief was his observation that everything was imported; “The exchange rate has a direct influence, right. [inaudible]. The inputs we use today are all imported from abroad, you know, most of them.”

Idal also thought economic or government policies influenced his capacity, when he was asked. He stated that the access to subsidies was the mechanism by which the policies influenced his capacity:

Márcia: Do economic and government policies, they also in your perception, have any influence?

Idal: Yes, absolutely.

Márcia: And why?

Idal: It's because of government policy, right. If there was, there is still a subsidy, but it has been decreasing as an increasingly scarce resource.

Márcia: These subsidies are in what form.... that's my ignorance. Just like that, it's some. It's a financing discussion.

Idal: Financing, I paid for it, it is for family farming. I have PRONAF there, if that's where part of that interest rate is subsidized by the government. Safe.

Alanza: [inaudible]

Idal: To achieve financing, make the investment for conversion too and sometimes, insurance, have agricultural insurance that if they have a government subsidy, they put an amount discounts value for subsidy. Come on, whoever starts hiring first will get this one. So it's a little bit of 15%, 20% to 30% subsidy on insurance is one thing. I have a price guarantee, soy it's based on the international market, but I believe there were a lot of beans, we don't have to plant the beans that we had. [inaudible]

Alanza: Guarantee program.

Idal: Minimum price guarantee, right. Then let's see if it was 100 BRL. The minimum price? If when you went to bed, you were 80, you had this...

Alanza: Government, guarantee that it would receive 100 BRL.

Idal: 100 BRL. That's not even a discount no no itself, it cost and investment installments, right.

Ultimately, Idal was grateful for the subsidies and thanked the government for providing them; "I don't know how it was in other countries. I believe that a good part of what happens in our Brazil is in the hands of the government.... in this price variation. That's where I believe that's a good part."

Interestingly, Idal and João both stated that the exchange rate and government policies most influenced their capacities to buy supplies and sell their products. However, both farmers approached the question differently and came to different conclusions. João had stated government policies then exchange rates impact him, whereas Idal had stated that exchange rates influenced him and only then stated how government policies influenced, when asked. Also, João had not

used financing where Idal had used it. The last observation made in this comparison was that Gustavo, a local professor, had accompanied me and Márcia to the interview with João and Alanza, an employee of a state company, accompanied me and Márcia to the interview with Idal. As such, João and Idal could have had different conclusions based on their interactions with ACESSAR o Programa Nacional de Fortalecimento da Agricultura Familiar (Access the National Program for Strengthening Family Agriculture, PRONAF), as well as some sort of unobserved influence that could have been exerted by either Gustavo or Alanza. As Alanza provided resources for family farmers in general, it could be that Idal felt more influence to have a response that was aligned with Alanza's thinking, or rather the entities position that Alanza worked for. However, the fact that Idal received significant discounts on the interest rate for financing options, as well as price guarantees does provide ample incentive to come to a different conclusion than João.

When considering all of these perspectives on the topic of whether the exchange rate, economic policies, or government policies influenced the family farmer the most, it appears that there is no clear consensus. However, and while there are differences in the responses to the question, there is still insight that was gained. From the accumulation of responses, it was clear that government policies were seen as being oriented towards the need of globalization and not towards domestic needs. This was seen from Lucio's perspective on their not being a readily available market structure that allowed him to sell crops alternative to corn and soy. This was also seen in family farmers beliefs on how they thought they were valued by their government. Additionally, this was also seen by the substantive price increases of the supplies that were priced in USD and also imported from abroad. With all this combined; "The piglet grows with high blood pressure."

Conclusion

Four of the six organic family farmers expressed their beliefs of either how the government had the capacity to assist family farming but did not want to, or that the government did not value family farmers enough to assist them. Alternatively, the results for the conventional family farmers were a little more ambiguous. While I did not observe any influence being exerted by the state employee who accompanied us during the interview, the presence could have been enough to result in the ambiguity of the responses. However, the underlying theme I still observed among the conventional family farmers was the belief that government influence was affecting their capacity to operate their farms.

When considering both conventional and organic farmers together, it becomes apparent that family farmers didn't feel valued by the government. Unfortunately, the distinction between different government regimes and the different levels of government could not be made. However, even with this point being made it is still unknown if the family farmers that were interviewed were speaking only about the federal level, or both federal and state, or speaking to a specific political party. Furthermore, family farmers like Idal did think government policies, like PRONAF, were the primary influence on his capacity to operate his farm and felt that government policies helped instead of hindered his capacity. As such, the results regarding the specific belief of the primary influence could not be determined, only that it was government and government politics and the focus on exportation. The government's focus to facilitate the production of agricultural products to be exported while also not valuing family farmers, but rather large agribusiness leads me to think that exchange rate policies may not be a sectoral issue but rather a class issue. This is in consideration of large agribusinesses potentially having greater resources to absorb any adverse impacts from the exchange rate, given the large economies of scale of agribusiness compared to

family farmers. This is in further consideration of the fact that I interviewed two populations of family farmers, organic (non-tradable) and conventional (tradable) and each category shared the same sentiment. However, there is no literature to my knowledge that seeks to disaggregate the entire agricultural sector. As a result, it is within the realm of possibility that this may not be a class issue but rather an informational issue, where the disaggregation of the agricultural sector is needed to inform better policy making regarding agricultural preferences with the exchange rate.

CHAPTER 7: CONCLUDING THOUGHTS

I began this study from an International Political Economy (IPE) perspective to better understand exchange rate preferences for family farmers living in the state of Santa Catarina, Brazil. I had originally thought my research would be focused on cultivating an argument to disaggregate agriculture by asking organic (non-tradable producers) and conventional (tradable producers) family farmers about their preferences for the exchange rate. However, the more time I spent in Brazil interviewing family farmers, the more I began to realize how the historical and social context family farmers live in may have influenced past exchange rate policies, as well as inspired political involvement to progress the institutionalization of family farmers since the fall of the Old Republic of Brazil. An excellent symbol of continuing progress in the fight for social equity that has been made to the date of this study can be found in the public market in the *Contestado* of Santa Catarina. The public market allowed for a physical space, specifically designated for family farmers to sell *alimentos* and minimally processed goods to the local community. Further, the public market also served as a public space to allow for discourse on social issues, like the difference in exchange rate preferences between the organic and agricultural family farmer observed in *Chapter 4*. In conducting business and engaging in public discourse in the public market, the local business owners, who were of both organic and conventional family farmers, were continuing to exercise resistance against societal factors, depicted in *Chapter 3*, and the orientation towards globalization and the lack of value the government had for family farmers, expressed in *Chapter 6*. In these acts of resistance, one can see the “fight for an economy that stimulates the production of goods and makes it possible to eliminate poverty and social inequality. That privileges the work and quality of life of the Brazilian people, with growth and income distribution, valuing a fairer and more economy

[based on] solidarity”⁸⁴. With the intent to develop an economy based on solidarity, the public market may also serve as a symbol for constructive discourse to occur between organic and conventional family farmers regarding their sectoral preferences, or lack thereof. In engaging in open discourse, family farmers may provide further clarity on what the exchange rate is, how they interact with it, and how they may collectively move forward, across sectoral lines. As briefly discussed in *Chapter 4*, both types of family farmers cultivate a variety of produce to reduce losses from potential crop failure. However, each farmer type may have a primary crop, oriented for either domestic or international sale. With this in mind, the created space of the public market could hold conversations to cross the sectoral divide to strengthen family farmer solidarity, by focusing on the various ways in which the supplementary crops can collectively be used for domestic sale. If this were to be achieved, family farmers could better organize to express the need for an appreciated exchange rate to recoup the loss of purchasing power that was spoken of. As such, the public market may be a further symbol of solidarity, facilitated by family farmer organization and urban planning initiatives.

With a more individualistic perspective in mind, the act of resistance in selling *alimentos* in the public market to reduce social inequality and poverty for an economy based on solidarity can be seen in the cases of both Luana and Andressa. Luana opened her business in resistance to pushback against, what she saw as the societal shift from the countryside to the city, as well as to focus more on the production for her local community instead of for a global market. Andressa also exercised her resistance in the public market by representing the local organic cooperative. In doing so, she was establishing an identity of the organic cooperative and also the organic Family Farmer. This act of having a fixed location in the public market to conduct business

⁸⁴ “Quem Somos.”

could have facilitated the building of the relationship between the general public and the organic Family Farmer, regardless of region, allowing for further visibility of the organic Family Farmer, alongside the development of the solidarity that was illustrated in *Chapter 3* and also broader economic solidarity for Brazil.

As mentioned in *Chapter 1* and *Chapter 3*, there were limitations in my research, which ranged from a lack of awareness of social norms, comprehension of Portuguese, and the amount of time that I spent in Brazil. This was due to the fact this is a master's thesis and the time in the program limited the scope and depth of the research somewhat. As such, having more time in Brazil would be crucial for future research to allow for better comprehension of the language and awareness of social norms. Additional avenues of research would be to more closely examine the potential colonial linkages and related exclusionary policies and practices that Cardoso and Faletto⁸⁵ studied in 1979, in conjunction with the historical account of concentrated interests ultimately leading to underdevelopment that Sokoloff and Engerman⁸⁶ examined in 2000. An example of this would be the economic subsidy for grain producers that was included in Law 13.986⁸⁷, which may embed the cost of the subsidy in Brazil's SELIC interest rate. This potentially lowers the cost of capital purchases for exporting grain producers, who may currently enjoy increased profits from the depreciated exchange rate at the expense of the general population who may consider the increased SELIC rate to be too expensive to purchase items of their own. In considering these two perspectives, I would more closely examine agricultural reform policies alongside monetary and fiscal policies, while also taking into account current

⁸⁵ Cardoso, *Dependency and Development in Latin America*, Fernando Henrique Cardoso and Enzo Faletto ; Translated by Marjory Mattingly Urquidi.

⁸⁶ Sokoloff and Engerman, "History Lessons."

⁸⁷ "L13986," accessed February 12, 2023, https://www.planalto.gov.br/ccivil_03/_Ato2019-2022/2020/Lei/L13986.htm.

perspectives from the informal economy. Only by completing research along this path, would the future researcher be able to discern whether or not colonial legacy exists in Brazil rather than being limited to speculation on potential colonial perpetuation.

Future research regarding currency politics would be most impactful by continuing to disaggregate the agricultural sector by focusing on more agricultural industries, including dairy farming, as well as mixed methods of agricultural production. However, I would also expand the scope of research to include sectoral exchange rate preferences among social movements that seek to build solidarity based on values of democratization, the MST. Expanding the scope of research towards social movements of this type may include additional sectors like finance, and manufacturing. This could ultimately lead to an economy that values the contributions and views of the MST, leading to a more equal society⁸⁸. Further, future study of sectoral exchange rate preferences could also be expanded to include the examination of beliefs regarding the interaction and independence with the exchange rate among organic family farmers and conventional farmers, as well as the additional sectors mentioned above. As mentioned in *Chapter 3* my initial perspective only included IPE. This initial focus may have limited my ability to understand the belief of half the organic family farmers being independent from interacting with the exchange rate. As such, further research on this belief is needed. This better understanding of beliefs and the exchange rate, combined with a newly created public market for family farmers to hold events and conduct public discourse, could potentially lead to more clarity for family farmers on how the exchange rate affects the individual sectors within any social movement. Coupled with this perspective on better understanding sectoral beliefs would also be the possibility to study how tensions between sectors within social movements exist and are

⁸⁸ “Quem Somos.”

possibly resolved. Extending this thought on beliefs, could possibly be the inclusion of foundational belief systems like religion. While I do not discuss religious belief systems in this research, it could provide additional insight with material preferences, along sectoral lines of exchange rate policies, by adding a better understanding of the relationship individuals within any interest group have with their livelihoods and currency. In further researching the belief of interaction with the exchange rate and including religious belief systems, one could better understand each sector's differences and similarities, further strengthening the solidarity of a social movement that is based on values of inclusivity.

Including all these perspectives; coloniality, historical narrative, beliefs, attitudes, and values of family farmers, and social movements could possibly provide more clarity of sectoral preferences for the agricultural sector but also alternative sectors. This approach could also bridge the Atlantic divide between the American and British Schools of IPE that Benjamin Cohen argues for⁸⁹. This could occur by using the empirical results of policies aggregated by domestic institutions, which have been demonstrated to have been derived by domestic interests (the first two steps in OEP in the causal pathway)⁹⁰, while also conducting regional or global structural analysis of state or business interaction in operations outside the country's borders. While David Lake states that there is a final step of state bargaining, he does so with the caveat that it is spoken to when necessary. However, Lake also states that OEP could be greatly benefitted by examining structural power and considering international prices as endogenous, where "policy-induced price distortions"⁹¹ could adversely affect the economies of different

⁸⁹ Benjamin J. Cohen, *International Political Economy: An Intellectual History*, Benjamin J. Cohen., Book Collections on Project MUSE. (Princeton: University Press, 2008); Benjamin Cohen, "The IPE of Money Revisited," *Review of International Political Economy: RIPE* 24, no. 4 (2017): 657–80, <https://doi.org/10.1080/09692290.2016.1259119>.

⁹⁰ Lake, "Open Economy Politics."

⁹¹ Lake also states how the subsidization of agriculture in industrialized countries leads to the eventual flight of citizens from agriculture and into the services sector in developing countries. As such, it could be said that these

countries⁹². In this sense I agree with Lake and would suggest that future research could also re-incorporate Gilpin's⁹³ insight on domestic actors of a country possibly conducting bargaining or interactions on behalf of the state while also setting the national interest, with or without the consent of the state itself. It is in this sense I quote Cohen's interpretation of Susan Strange; "power is the capacity to set the agenda that defines the choices available to others"⁹⁴ where domestic actors may influence domestic institutions to formulate monetary policies to then allow for the expansion of their operational or technological frontiers⁹⁵. This could occur at home or across borders, influencing the regional or global structure of relations. Case in point is Diana Tussie's descriptive analysis of Brazil's domestic actors and the regional interactions of the highlighted Brazilian actors⁹⁶. With this in mind, the examination of currency politics, utilizing Frieden's sectoral framework, in conjunction with the British school's structural perspective could be insightful. However, the re-evaluation of Cardoso and Faletto's colonial linkages within their dependency and development theory, as well as following the development path illustrated by Sokoloff and Engerman⁹⁷ could also be beneficial in examining exchange rate policy

subsidies could potentially be creating a rural-metropolitan divide in developing countries. Also of note is the term of family farming in industrialized countries. This is striking as Lake does not define this term, whereas family farming in the context of this essay reflects the continued struggle for land distribution. I then wonder if Lake implicitly defines this term similar to mine in this article, or if it is defined within the context of the United States, where land size is not considered and could be associated with Brazilian agribusiness farming. If this is the case, then it could be possible that "family farms", defined within the context of the United States, could be creating the same rural-metropolitan divide in the United States as in developing countries.

⁹² Lake, "Open Economy Politics."

⁹³ Gilpin, *U.S. Power and the Multinational Corporation*.

⁹⁴ Cohen, "The IPE of Money Revisited."

⁹⁵ It is important to cite Lagna and Ravishankar here as fintech could be argued to be the current frontier in the global economy. It is of greater importance considering the aforementioned rural-metropolitan divide and the discussion on financial inclusion and poverty reduction. In this context, I have to ask if poverty reduction is inclusive of rural locations or currently focused on poverty in metropolitan locations. Andrea Lagna and M. N. Ravishankar, "Making the World a Better Place with Fintech Research," *Information Systems Journal (Oxford, England)* 32, no. 1 (2022): 61–102, <https://doi.org/10.1111/isj.12333>.

⁹⁶ "Shaping the World beyond the 'Core,'" in *Susan Strange and the Future of Global Political Economy: Power, Control and Transformation*, by Randall Germain, RIPE Series in Global Political Economy (London; Routledge, 2016), <https://doi.org/10.4324/9781315627878>.

⁹⁷ Sokoloff and Engerman, "History Lessons."

preferences. This could be beneficial by showing how domestic actors interact with domestic institutions and populations, as well as foreign institutions and populations.

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APPENDIX A: QUESTIONNAIRE

Portuguese Version:

Perfil da pessoa entrevistada

Data da entrevista: __/__/2022

1. Nome:
2. Município:
3. Você participa de alguma cooperativa ou associação de produtores rurais? Qual?
4. Qual desses termos descreve melhor a sua cor ou raça?
 1. Preto
 2. Pardo
 3. Branco
 4. Amarelo
 5. Índio
5. Qual é seu sexo?
 1. Feminino
 2. Masculino
6. Qual é a sua idade?
7. Qual é a sua Escolaridade?
 1. Sem instrução
 2. Ensino Fundamental incompleto
 3. Ensino Fundamental completo
 4. Ensino Médio incompleto
 5. Ensino Médio completo
 6. Ensino Superior incompleto
 7. Ensino Superior completo
 8. Pós-graduação incompleto
 9. Pós-graduação completo

Questões sobre produção rural e taxas de câmbio

1. Há quantos anos, aproximadamente, você trabalha como produtor rural?
2. A sua produção é tradicional, orgânica ou mista? Essa produção é sua escolha ou é baseada no mercado atual?
3. Quais são os principais produtos que você produz para vender?

4. Você é proprietário ou arrendatário da terra?
5. Sua propriedade possui quantos hectares?
6. Níveis diferentes e flutuantes da taxa de câmbio impactam sua capacidade para comprar insumos e para vender seus produtos? Como?

*****If yes, move on to sub-questions 1 and 2. If “No”, or “I don’t know”, move to question 7.*****

1. Quando você pensa sobre o nível da taxa de câmbio entre o Brasil e os Estados Unidos hoje, qual nível você prefere?
2. Quando pensando sobre as mudanças na taxa de câmbio entre o Brasil e os Estados Unidos hoje, você prefere mudanças frequentes ou não?
7. Quando você pensa sobre o final de 2019 e o primeiro semestre de 2020, qual foi sua capacidade para comprar insumos e/ou vender produtos que foram impactados pelo nível de preços e/ou pelas flutuações de preços? Se os dois, qual impactou você mais?
8. Quando ocorreram mudanças de preços nos últimos anos, quais você acha que foram as causas econômicas?
 1. O que você fez para se adaptar com essas mudanças de preços?
 2. Quais experiências ou pessoais você considera que mais influenciaram para que você conseguisse se adaptar a essas mudanças de preços?
9. Quando você pensa sobre 5 atrás (desde 2017) ou 10 atrás (de 2012 até hoje), qual período de tempo foi mais fácil e mais difícil para comprar insumos e vender produtos? Por quê? Qual período você prefere?
10. Para conseguir comprar seus insumos e vender sua produção sem dificuldades, você acredita que a taxa de câmbio e as políticas econômicas e governamentais possuem alguma influência? Por quê?
11. Os insumos como sementes, fertilizantes e quaisquer outros que sua cooperativa ou que você compra são:
 1. Todos comprados de fornecedores estrangeiros.
 2. A maioria comprados de fornecedores estrangeiros.
 3. Comprados tanto de fornecedores estrangeiros quanto de fornecedores nacionais.
 4. A maioria comprados de fornecedores nacionais.
 5. Todos comprados de fornecedores nacionais.
 6. Os insumos não são comprados. Eu produzo todos os insumos.
 7. Os insumos são produzidos na comunidade.

12. Os produtos das colheitas são vendidos para:

1. Todos vendidos para clientes estrangeiros.
2. Principalmente vendidos para clientes estrangeiros.
3. Vendidos tanto para clientes estrangeiros quanto para clientes nacionais.
4. Principalmente vendidos para clientes nacionais.
5. Todos vendidos para clientes nacionais.

English Version:

Profile of person interviewed

Date of interview: __/__/2022

1. Name:
2. Municipality:
3. Do you participate in any cooperative or association of rural producers? Which?
4. Which of these terms best describes your color or race?
 1. Black
 2. brown
 3. white
 4. Yellow
 5. Indian
5. What is your gender?
 1. Female
 2. Male
6. How old are you?
7. What is your Education?
 1. No instruction
 2. Incomplete Elementary School
 3. Complete Elementary School
 4. Incomplete high school
 5. Complete high school
 6. Incomplete Higher Education
 7. Complete Higher Education
 8. Incomplete postgraduate degree
 9. Complete postgraduate degree

Questions about rural production and exchange rates

1. Approximately how many years have you been working as a rural producer?
2. Is your production traditional, organic or mixed? Is this production your choice or is it based on the current market?
3. What are the main products you produce to sell?
4. Are you the owner or tenant of the land?

5. How many hectares does your property have?
6. Do different and fluctuating exchange rate levels impact your ability to buy inputs and sell your outputs? How?

*****If yes, move on to sub-questions 1 and 2. If “No”, or “I don’t know”, move to question 7.*****

1. When you think about the level of the exchange rate between Brazil and the United States today, which level do you prefer?
 2. When thinking about changes in the exchange rate between Brazil and the United States today, do you prefer frequent changes or not?
7. When you think about the end of 2019 and the first half of 2020, what was your ability to buy inputs and/or sell products that were impacted by the price level and/or price fluctuations? If both, which impacted you the most?
 8. When price changes have occurred in recent years, what do you think were the economic causes?
 1. What did you do to adapt to these price changes?
 2. What experiences or personal experiences do you consider to have most influenced you to be able to adapt to these price changes?
 9. When you think about 5 years ago (since 2017) or 10 years ago (2012 to date), which time period was easier and more difficult to buy inputs and sell outputs? Why? Which period do you prefer?
 10. To be able to buy your inputs and sell your production without difficulties, do you believe that the exchange rate and economic and government policies have any influence? Why?
 11. Inputs such as seeds, fertilizers and any others that your cooperative or that you buy are:
 1. All purchased from foreign suppliers.
 2. Most purchased from foreign suppliers.
 3. Purchased both from foreign suppliers and domestic suppliers.
 4. Most purchased from domestic suppliers.
 5. All purchased from national suppliers.
 6. Inputs are not purchased. I produce all the inputs.
 7. Inputs are produced in the community.

12. Crop products are sold to:

1. All sold to foreign customers.
2. Mainly sold to overseas customers.
3. Sold to both foreign and domestic customers.
4. Mainly sold to domestic customers.
5. All sold to domestic customers.

APPENDIX B: LIST OF FAMILY FARMERS

<u>Participant</u>	<u>Age</u>	<u>Years a farmer</u>	<u>Traditional or Organic Production</u>	<u>Geographic Region</u>
Luana	53	All her life	Livestock - unknown Agriculture - organic	Rural
Augusto married to Andressa	30	since 2014	Organic	Rural
Andressa married to Augusto	29	since 2014	Organic	Rural
Gilberto younger brother to Caio and Fabrizia	44	since a child	Organic	Rural
Caio older	48	since a child	Organic	Rural
Fabrizia and Antônio	42 & 46	since a child	Organic	Rural
Hélio	61	since a child	Organic	Rural
Renan & Belem	70	55 years & 60 years	Organic	Urban
Vitor	45	5 years in Florianopolis	Agroecologia	Urban
João	59	since a child	Conventional	Rural
Paulo	54	40 years	Conventional	Rural
Osvaldo	58	since a child	Mixed	Rural
Bento	39	since a child	Conventional	Rural
Norberto & Paloma	60 & 54	since a child	Conventional	Rural
Horácio & Heloisa	28 & 27	since a child	Conventional	Rural
Horado	47	since a child	Conventional	Rural
Idal & Ricarda	47 & 47	since a child	Conventional	Rural
Lucio	47	since a child	Conventional	Rural
Marinho Family	30	years	Livestock	Rural
Octavio & Marquesa	36	36 years	Livestock	Rural

