

From Colonial Legacy to Neoliberal Reforms: A Comparative Historical Study of Roots and Evolution of Social Inequality in India and Brazil

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Abstract. While the sweeping wave of decolonization liberated most former colonies from direct political hegemony and formal economic exploitation, the underlying colonial legacies endured as deep-seated structural scars. These scars perpetuate persistent social inequalities—most notably in Global South countries such as India and Brazil. This essay adopts a *longue-durée* framework within a global comparative perspective to examine colonial legacies as the structural foundations of economic inequality in India and Brazil. Furthermore, it traces their evolution under the distinct socio-political trajectories in the post-colonial era. The essay also offers a preliminary socio-economic comparison between the two former colonies, focusing on their shared agrarian economy, the developmental trajectories shaped by Import Substitution Industrialization (ISI) and the subsequent neoliberal reforms. Based upon this analysis, the essay investigates their convergence and divergence in social-cultural constructs that rationalize persistent social inequalities. It subsequently offers a brief analysis of social inequalities in both regions under globalization. This etic approach conceptualizes inequality as a manifestation of global mechanisms shaped by the intersection of colonial economic structures and the advancing dynamics of global capitalism. Situating within the historiographical trend of ‘grassroots history’, this essay analyzes the origins and intensification of social inequality from a macroeconomic perspective. Simultaneously, it underscores the need for future research to engage more deeply with secondary dynamics of gender and racial inequality in these regions. Such an approach would facilitate a more direct connection between historical discourse and contemporary debates on social justice.

Keywords: Social inequalities; comparative history; India; Brazil; colonialism.

1. Introduction

It is widely acknowledged that decolonization remains one of the most significant and ongoing historiographical discourses of the postwar period. In 2025, the UN Special Committee on Decolonization reaffirmed its relevance by adopting key resolutions in support of the sovereignty of non-self-governing territories. In the new millennium, when the formal political sovereignty of most formerly colonized states had already been secured, the persistence of colonial legacies remains conspicuous beneath the surface. These legacies, such as economic inequalities, continued to scar postcolonial societies well into the post-neoliberal era, even as globalization, peace and development ostensibly replaced the overt language of subjugation and exploitation. The postwar scholar Immanuel Wallerstein has both drawn upon and refined the Marxist model of economic inequality. He conceptualized it as an exclusively economic phenomenon derived from top-down class exploitation. While Wallerstein acknowledges a hierarchical system of exploitation between core imperial states and periphery colonized regions, he extends the analysis through a *longue-durée* framework, situating his world-systems theory within global hierarchies that he traces back to the 16th century. While elaborating on the ambivalent relationship of exploitation and dependency between the ‘core’ and the ‘periphery’, recent scholarship has emphasized how these dynamics also shaped domestic inequalities within peripheral societies. For instance, Ewout Frankema’s 2010 comparative study of land inequality across different British colonies demonstrated a strong association between unequal colonial land distribution and long-run wealth inequality [1]. Nevertheless, comparatively little scholarship has adopted a comprehensive *longue-durée* framework

to investigate the colonial legacies of social inequality in India and Brazil. These are the two major former colonies that, despite divergent economic structures, industrial trajectories, and neoliberal reforms, shared a common experience of decolonization under British or Portuguese rule. A global comparative perspective on these two former colonies not only facilitates a thorough historiographical inquiry into how colonial macroeconomic structures intersected with social-cultural phenomena unique to each region, but also offers an interdisciplinary, etc perspective that illuminates the essence of modern inequalities and the pursuit of social justice in two culturally and ideologically distinctive periphery states.

This essay adopts a global comparative framework to examine the colonial legacies and postcolonial trajectories of social inequality in India and Brazil. Building upon this theoretical framework, this essay systematically compares the cultural-economic factors of India and Brazil, situating the analysis within the framework of contextual historicism in the discourse of contemporary social inequality. Through this methodological approach, the essay will critically interrogate the convergences, divergences of social inequalities in India and Brazil, while critically examining the global roots of these phenomena. This embeds the analysis within the framework of contextualist historicism in contemporary discourses of inequality.

2. From Ryot Rebellions to ‘Farmer Suicide’: Colonial Legacy and Evolution of Social Inequality in India

2.1. The Legacy of Social Inequality in Colonial India, 1793-1947

Colonial India remained a predominantly agrarian and deindustrialised economy shaped primarily by two major land revenue systems, which constituted one of the most enduring impacts of British rule on the rural economy. The first system, the Permanent Settlement of 1793, established a zamindar (landlord)-centred, ‘fixed’ revenue system. The second system, the ryotwari system developed under Thomas Munro, emphasized a ryot (peasant)-centred, periodic revenue system. These two systems were inherently repressive, as they entrenched economic inequality among peasants and provoked grassroots resistance to economic disputes, most notably in the Indigo Revolt of 1859.

The wave of industrial modernization, though small in scale, nevertheless had a significant impact on the agrarian economy. As Bishnupriya Gupta et al. have argued, the growth of factories from the 1860s constitutes a significant *longue-durée* framework for understanding Indian economic modernization, even if it was restricted in terms of product diversity and largely confined to the coastal regions of Bombay, Calcutta, and Madras. These industrial centres functioned not only as transit centres linking nascent railway networks to the export of agricultural products but also as sites of capital investment. By the late 19th century, Bombay’s cotton exporters had established durable commercial networks with Liverpool, enabling them to import machinery, recruit skilled foremen, and establish cotton mills [2]. The growth of modern enterprise thus transformed India into a net importer of industrial services and labour resources. Between 1860 and 1940, employment in private factories rose from fewer than 100,000 to 2,000,000, accompanied by a steady rise in investment (in million rupees) in mining industries [2]. Nevertheless, as Bipan Chandra observes, colonial capitalism in India has been indicted for its acquisitive character and for ‘destroying all social cohesions’ [3]. While explaining urban-rural inequalities, it reinforced industrialization while being rationalized as the ‘inevitable trajectory’ of civilization.

2.2. Social Inequality in Post-Independence and Neoliberal India, 1947-2008

The colonial social inequalities persisted into post-independence India, even as imperial economic dominance receded and Nehruvian socialism began to guide national policy. In agriculture, Nehruvian reforms sought to ‘emancipate’ the impoverished from former zamindars. Broadly, Nehruvian socialism emphasized a state-controlled model of development. This approach, embodied in the Nehru–Mahalanobis model, prioritized income growth and capital production as foundational

progress [4]. Nevertheless, the socialist government policies were implemented within the enduring legacy of regional economic disparity. This is evident in the 1961 statistics, which show that the per capita income of northern, inland, rural provinces such as Rajputana, United Province and Bihar (below 300 rupees) was markedly lower than that of major coastal provinces such as Maharashtra and West Bengal (above 500 rupees) [5]. The policy was also enacted against the backdrop of educational disparities, as revealed by the stark differences between regional literacy rates in 1951 (Kerala, 40.5%; Rajasthan, 9.0%) [5]. These statistics highlight a central dilemma confronted by Nehruvian policies: while prioritizing rapid industrial growth over redistributive justice, these policies concentrated wealth through investment in traditional industrial centre while leaving the majority in rural areas mired in poverty. This dilemma underpinned the caste system by consolidating upper-caste political dominance, thereby undermining Nehru's economic determinist assumption that modernization would naturally erode caste hierarchies. Evidence from the 1967 National Election study highlights such persistence: only 2.1% of respondents considered the caste of political candidates unimportant, while 20.1% affirmed its importance [6].

Urban-rural economic inequality, along with political and education disparities structured by caste politics, perpetuated into the neoliberal era, an age marked by intensive growth in national GDP yet heightened wealth accumulation in urban centers. Atul Kohli highlights the intensity of grassroots activism against this widening gap, noting how impoverished farmers arrived in truckloads at New Delhi to demand subsidies and higher agricultural prices, a phenomenon tragically termed as 'farmers suicides' [7]. While Kohli underscores how rural-urban inequality is exacerbated by grassroots grievances, he also emphasizes the macro-level pattern of provincial disparity. This is evident in the average annual growth rate of net state domestic product of states from 1991 to 2008, which ranged from a high of 8.8% in Gujarat to only 3.5% in Assam [7]. Overall, the urban-rural economic inequality was ingrained in the colonial legacy, manifested and heightened by the caste system. It was inadequately addressed by post-independence Nehruvian socialist policies and continued into the neoliberal era.

3. From Latifúndios to Plano Real: Colonial Legacy and Evolution of Social Inequality in Brazil

3.1. The Legacy of Social Inequality in Colonial Brazil before 1822

Inequality in colonial Brazil can be characterized by the long-run concentration of land in the hands of the *fidalgos* (nobility), which inhibited substantive rural reforms and the development of supportive agrarian policies under Portuguese rule [1]. Moreover, this pattern teleologically reinforced an economic structure that lacked diversity in production. As Caio Prais highlights, colonial Brazil functioned as a plantation colony oriented toward supplying highly valuable tropical products for the European market [8]. This labor-intensive agrarian economy provides important historiographical evidence for the entrenchment of *latifúndios* in the mid-19th century and the persistence of slavery until the enactment of *Lei Áurea* in 1888. It also helps explain the absence of widespread industrialization in Brazil during mid-to-late 19th century. Nevertheless, theorizing this as mere 'absence' is unconvincing, since imperialist demand for raw materials within urbanization and colonial expansion stimulated the growth of efficient export sectors. These metropolitan demands for profitable raw material production and export attracted public investment in infrastructure, enabling domestic and national capital to construct the first railroad in the province of Rio de Janeiro [9]. The centripetal pull of nascent industrial coastal cities intensified the structural inefficiencies of regional resource redistribution between urban and rural sectors, while the *latifúndio* system perpetuated rural economic inequalities.

3.2. Social Inequality in Republican, Vargas and Neoliberal Brazil, 1822-2008

Republican Brazil inherited the structural legacies of unequal land distribution, regional disparity, and ingrained agrarianism, compounded by an unprecedented influx of populations into urban centers. This was intertwined with the textiles and food industry in Belém and Manaus, which was further illustrated by the exponential growth in population in these areas: between 1890 and 1900, Belém's population nearly doubled, rising from 50,000 to 96,000 [10]. This laid the foundation for labor unionization as mechanisms to address socio-economic inequality rooted in urban income disparities, exemplified by the general strike of June–July 1917. The rise of Getúlio Vargas in 1930, under the rubric of a nationalist and industrializing *Estado Novo*, consolidated Import-Substituted Industrialisation (ISI) as a protectionist framework aimed at dismantling the asymmetrical colonial import-export economy. Concurrently, Vargas institutionalized social regulation by addressing urban income disparities through corporatist labor reforms, culminating in the Consolidation of Labor Laws (1943). While establishing minimum wages and fixed working hours for industrial laborers, the legislation also institutionalized collective bargaining by legalizing state-supervised trade unions and labor courts. However, although the resolute *Estado Novo* advanced a project of nationalized industrialization and fostered comparatively more equitable labour relations, rural development remained marginal. This disparity is reflected in the disproportionate contributions of agriculture and industry to Brazil's gross national product (GNP). As Boris Fausto observes, in 1920 agriculture accounted for 79% of GNP while industry contributed 21%; by 1940, these figures had drastically shifted to 57% and 43%, respectively [10]. Furthermore, the Vargas regime failed to confront the persistent, elite-centered pattern of land accumulation rooted in colonial latifúndio system, which perpetuated the exploitation of peasants through the capitalization of land and the selective agricultural modernization.

The persistence of urban-rural poverty, compounded by insufficient amelioration of working-class conditions, was further exacerbated by global stagflation. Brazil was engulfed in a period of hyperinflation, with the Consumer Price Index (CPI) rising from 85% in 1985 to 2,491% in 1993. This crisis highlighted the urgent need to integrate domestic capital into transnational circuits and to pursue the denationalisation of firms [11]. With the implementation of neoliberal policies of Plano Real in 1994, inflation was successfully suppressed—falling to 10% in 1996—through liberalisation of the capital account of the balance of payments. Yet, as Alfredo Saad Filho highlights, neoliberal reforms inflicted the manufacturing industry, with employment shrinking by over one million jobs between 1989 and 1997, and average real wages declining by 8% between 1994 and 2001 [10, 11]. Therefore, although neoliberal policies restored the macroeconomic stability, strengthened public confidence in the new currency, and integrated Brazil more fully into the global trading system, they simultaneously aggravated domestic urban poverty and regional economic disparities. These issues were only partially mitigated with the introduction of the *Bolsa Família* social welfare program in 2003, which contributed to a decline in the Gini coefficient from 0.583 in 2003 to 0.527 in 2013 [12].

4. From the Local to the Global: Comparative Insights into Social Inequality in India and Brazil

4.1. Convergences in the Evolution of Social Inequality in India and Brazil

It is unsurprising that economic inequality in both Brazil and India is undergirded by a malformed colonial economic structure characterized by elite-centered land concentration and export-oriented models. This trajectory was reinforced by de-industrialization that maintained the rural economic superstructure and order, including labour-recruiting practices. These systems in the poorer agricultural regions of central India constituted the principal determinants of labor supply for plantations. As a 1926 note observed, given that the tea industry offered wages comparable to those of local agricultural labourers, its capacity to attract workers was structurally dependent upon periods of famine, which compelled impoverished populations to enter plantations [5]. Capital accumulation

predicated on the exploitation of labor and commercialization of exports was equally evident in Brazil. For instance, indigo plantations have prospered in Rio de Janeiro since 1769, which contained 206 processing establishments with exports reaching 1,500 arrobas [8]. Furthermore, it is noteworthy that ISI, though initially conceived as an expedient to achieve national economic and industrial independence, only superficially addressed inequality and ultimately exacerbated its underlying structures in both Brazil and India. In each case, ISI fostered a protectionist environment to stimulate national economic growth. However, this emphasis on aggregate growth came at the expense of addressing disparities between ISI-centric core and peripheral regions—for instance, between Gujarat and Assam, and between São Paulo and Bahia.

Thus, it is reasonable to observe that neoliberal reforms were introduced as a means to recover national economies weakened by fiscal deficits and by rural-urban economic disparities left unresolved by both Vargas and Nehru. Nevertheless, it is important to recognize that neoliberal policies cannot be regarded as a panacea for dismantling microeconomic income gaps in each country. By discarding import substitution and promoting ‘production substitution’ financed by foreign capital, these reforms destabilized the balance of payments and undermined the integrity of the national productive system [12]. Moreover, neoliberal policies replaced state-led universalist welfare approaches with minimal, selective and conditional cash transfers directed at marginalized social groups. Therefore, they were capable of alleviating poverty but proved largely ineffective in narrowing economic gaps in post-neoliberal India and Brazil.

4.2. Divergences in the Evolution of Social Inequality in India and Brazil

It is imperative to emphasize that social inequalities in India are perpetuated by the ideological-cultural hierarchy of caste and urban-rural disparities embedded in modernization. In Brazil, by contrast, the legacy of slavery—manifested in enduring racial inequalities and the land concentration of land ownership inherited from the *latifúndio* system—has further exacerbated the struggle.

In post-neoliberal India, as Kohli observes, landless and small peasants are disproportionately drawn from lower castes, who endured the ‘double indignity of poverty and social marginality’ [7]. Combined with a corruptible bureaucracy, the caste system not only provides a rationale for the persistence of a distorted economic superstructure but also entrenches a narrow political base of upper castes and classes, thereby rendering systematic grassroot-led politics largely inapplicable. Nevertheless, contemporary social inequalities should not be understood solely as a top-down caste phenomenon, but also as a manifestation of bottom-up structural inaccessibility to educational resources shaped by regional disparities. Evidence from National Family Health Survey (2005–6) illustrates these divides: Kerala reports the lowest proportions of uneducated women (10%) and men (4.9%), whereas Bihar exhibits the highest levels (59.7% for women and 35.3% for men) [13].

In Brazil, however, social disparities are primarily structured through a racial hierarchy embedded within the developmentalist discourse of industrial modernization. Survey evidence underscores its persistence: a 2011 study reported that 63.7% of Brazilians believe race affects life quality, 59% perceived it as influential in the workplace, and 68.3% in police justice [14]. While an intersection between perceived racial justice and economic status underpins contemporary social inequalities in Brazil, ISI further reinforced these inequalities by permanently compressing labour wages through the outright repression of unionization and oversupply of labour. This oversupply was an inevitable consequence of landless peasants migrating en masse to urban centres due to the absence of substantive land reform, an issue marginally addressed into the new Millennium.

4.3. Global Insight in the Evolution of Social Inequality in India and Brazil

In the post-neoliberal era, the globalization of capital flows has sustained a structural yet implicit persistence of inequality between India, Brazil and the industrialized Global North. This is associative of Wallerstein’s core–periphery model, which conceptualizes the capitalist economy as an integrated structure of hierarchical and asymmetrical exchange between a dominant core and a dependent periphery. A. G. Frank’s dependency theory further reinforces this model, contending that the

apparent development of capitalism rests not on balanced growth but on a systematic pattern of ‘unequal exchange’ that entrenches the underdevelopment of Global South since the colonial era. In the underdeveloped world, the balance of trade figures demonstrate a consistent pattern of import surpluses: +133 (1876–80), +99 (1896–1900), before a sharp reversal to –640 by 1913 [10]. The dramatic swing to export surplus in 1913 signalled an intensification of this dependency, as colonial economies became increasingly locked into external demand from metropolitan centres such as Great Britain (which itself recorded a surplus of +374 in 1913). Such dynamics confirm the hierarchical core–periphery structure of world capitalism had already been firmly established by the early 20th century; the historical logic of surplus extraction therefore provides a rationale for its persistence into the new millennium. Once drained through colonial trade imbalances, it is now mediated through corporate contracts, intellectual property regimes, and capital mobility. This perpetuates global inequality in India and Brazil within the imperial framework.

5. Conclusion

The economies of both India and Brazil were, counterintuitively, undergirded and destabilized by a deformed colonial economic structure characterized by elite-centric land concentration and export-led developmentalism. The postcolonial ISI and the subsequent neoliberal reforms, while generating significant national economic growth, proved neither comprehensive nor effective in alleviating social inequalities. However, it is crucial to recognize the profound divergence between the two economies, where the social-cultural construct of caste and racial hierarchy respectively functioned as the adhesive forces shaping divergent national trajectories of inequality. Within the broader globalization of capital flows, these inequalities can be theorized as manifestations of global mechanisms, arising from the intersecting legacies of colonial structures and the ongoing dynamics of global capitalism.

This essay employs a global comparative framework and, from a postcolonial and *longue durée* perspective, examines the macroeconomic conditions of social inequalities in India and Brazil. It supplements current comparative scholarship on global social inequalities within the two states. However, given the present stage of qualitative research and the limitations of quantitative data, the essay remains insufficiently developed from a subaltern, gendered and racial perspectives. If the dynamics of marginalized racial and gender groups remain unaddressed in the discourse of inequality, the analysis risks a perilous distortion that erases the differentiated experiences of oppression. Furthermore, it reinforces a false universalism, wherein traditionally hegemonic groups—typically white, male, and upper-class individuals—are misrepresented as subjects of the ‘norm’. Within the modern historiographical turn toward ‘grassroots history’, it is academically fruitful to pursue microhistorical research. This includes an investigation on how grassroots movements, particularly in the wave of Global Civil Rights Movements in the 1960s and the Second Wave of Feminism in the 1970s, illuminated social inequalities in India and Brazil. Such inquiries warrant further scholarly attention to contribute to contemporary debates on social justice.

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