

## ***The limits of agrarian reform in Brazil***

“The classic agrarian reform program, which most industrialized countries have done in the northern hemisphere, democratizing the property and creating the internal markets depend on a political project of national development based on industrialization. This left the agenda of Brazil. Not because it is not a way, but because the Brazilian industrial bourgeoisie never had a national development project. This kind of land reform is unviable by them, unfortunately”. João Pedro Stédile.

Rogério Naques FALEIROS

Paulo NAKATANI

Neide César VARGAS<sup>1</sup>

### **a) The limits of the agrarian reform:**

This text was born from an alert: land concentration in Brazil has grown in the last ten years. As part of its economy reprimarization confined in a present-future framework of exponential growth in demand for fuels (biodiesel), minerals (especially iron) and food, the agrarian frontier of agribusiness has full-grown. Between 2003 and 2010, the area of large farms increased from 214,843,865ha to 318,904,739ha, from 51.3% to 55.8% of the total, a 48.4% of increase of this profile of property in the period. The other profiles have also grown during this period in terms of area; the smallholdings evolved from 38.9 to 46.6 million hectares, small farms from 74.1 to 88.7 millions, and medium properties from 88.1 to 113.8 million hectares. However, in percentage terms, these three types of properties lost space.

The swiftness of these changes is explained by a positioning of the Brazilian economy towards a greater specialization in the production of primary commodities (the so-called reprimarization). Between 2000 and 2009 the Brazilian participation in these exports jumped from 2.77% to 4.66% and the participation of the country in the exports of goods with high intensity (according to the methodology of UNCTAD, 2002), decreases from 0.52% to 0.49%, a clear loss of market share. To some extent, these changes arise from a strategy of currency appreciation in order to obtain productivity gains in exporting, mining and oil production sectors, due to the growing global demand led by China. On the other hand, evidently, and in a deeper way, it is on the horizon deindustrialization and a form of integration into the world economy that reproduce and extend the existence of large estates in the Brazilian society. We must also consider that behind the issue of the exchange-rate appreciation it is the dependence on the financial capital, which is pressing for a high interest rate and

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<sup>1</sup> Professores do Departamento de Economia da Universidade Federal do Espírito Santo.

mechanisms of fictitious wealth recovery via debt, certainly, based on the execution of constant and extended primary surpluses.

Finally, the Brazilian government and society, in tables of financial globalization, have made a very clear **choice**, in which there is no room for reform in land ownership. Obviously, the idea of *land reform* raises several interpretations, which is not the case to discuss here. However, when using this term we refer broadly to a policy of redistribution of land ownership in favor of small and medium properties, that is, necessarily, for a tighter fiscal policy for large estates, especially the unproductive ones, for a policy of incentives and subsidies, for an education policy and lending long term credit at achievable rates. This definitely has not been the path taken. The government did not even want, for instance, to change the reference parameters for measuring the degree of utilization (GU) and the Degree of Efficiency of Farms (GEE), which are still based on data from the Brazilian agriculture of 1975. That is, as Teixeira notes, "In Brazil, the large productive property is so classified when observing the rate of agricultural income 35 years ago", which is obviously much lower than current rates of productivity due to the massive use of manure, fertilizers, herbicides and new planting techniques.

Another issue to be addressed is the acquisition of land in the country by foreign capital. An example of this practice is to acquire land for the production of ethanol, soy, corn, cultures related to the rising demand for agro-energy, food and raw materials by the banking and financial capital, traditionally averse to tying up of resources and related loss of liquidity. According to Sauer & Milk, as in World Bank study, the global demand for land has been enormous, especially from 2008 on, making the territorial dispute a global phenomenon, "the transfer of agricultural land was approximately four million hectares per year before 2008, only between October 2008 and August 2009 were sold over 45 million hectares, of which a 75% in Africa and another 3.6 million hectares in Brazil and Argentina". Still with the authors, it is possible to observe that the Foreign Direct Investments (FDI) in the primary sector grew from \$2.4 to \$13.1 billion between 2002 and 2008, showing an increase of 445%. This is a new phase, extended, of the strategy to acquire a factor that will certainly be scarce in the near future and, surely, the property speculation is at stake: it occurs in Brazil, mainly in the "new" boundaries for the monoculture of soy, sugar cane in the states of Tocantins, Goiás, Mato Grosso do Sul and Minas Gerais, a 33% gain in land prices, greatly inflating the cost of any policy of expropriation of land with a view to reform. The apparent paradox of this strategy is the fact that the most evolved forms of appreciation of the value interfere in the circuit D-D', subvert the historical time and retake a secular practice of real estate speculation, which has accompanied the history of capitalism in the last thirty years, namely, a real estate speculation.

An example of this strategy is the role of the banker George Soros. According to a report from October 2006, the man who has speculated against the Bank of England and against almost all currencies in Asia and Brazil in 2002, is now investing in agribusiness. This 76 years old man, with a fortune estimated at \$7.2 billion, just joined the team of foreign billionaires betting on Brazilian ethanol. As Bill Gates, owner of Microsoft, and the Google boys Larry Page and Sergey Brin, Soros was excited with the green fuel. He participated in the project to build three sugar and alcohol mills in Mato Grosso do Sul. Enterprise value: \$900 million. Together, the three units will process 11 million tons per year and produce one billion liters of alcohol. Apart from ethanol, the Hungarian financier's company, ADECO, also operates in cotton and coffee in the Country. "When everything is working, the revenues from operations in Brazil may be

the same as in Argentina,” said Marcelo Vieira, the main partner of Soros in Brazil. It is estimated that Soros’ rural operations in Argentina has reached a turnover of US\$30 million.

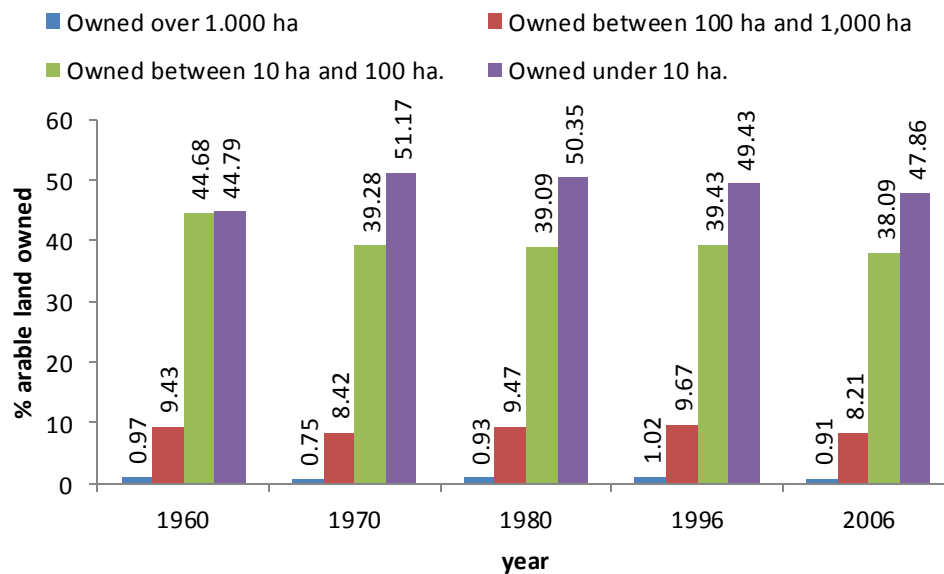
The largest state-owned Chinese food industry, China National Agricultural Development Group Corporation, is also an example of the offensive of international capital on Brazilian soil. This company operates in 40 countries and 10,000 out of 80,000 employees work abroad. The company owns six thousand acres in Tanzania and set up business in the food sector also in Guinea, Benin and Zambia and has entered into Argentina and Peru. Other Chinese companies have also purchased land in several countries with the same goal: ensuring products to China that are essential to its economic growth and urbanization of hundreds of millions of people. Since the last decade, the Chinese government is increasing investment in natural resources elsewhere. So far, its most impressive breakthrough occurred in Africa, where investments in mining and later the purchase of land were accompanied by cooperation projects with the host countries, mostly poor and low-rating-development. The next step in the strategy was to negotiate projects with several Latin American governments. An example of this onslaught of international capital on the Brazilian land and the strategy adopted by CNADC (Chinese state-owned of agricultural development), which in 2011 announced an investment of seven billion dollars earmarked for participation in projects of grain crops expansion in the state of Goiás with an estimated area of 2.4 million acres devoted to soybean production that will be exported to China. It should be noted that this country has been consolidating an international base of supply of raw materials and foodstuffs from Australia, Indonesia, countries in Africa and Latin America over the past few years. Highlighting the fact that a 93% of capital invested in Brazil in 2010 comes from SOEs (State-Owned Enterprises).

In addition to the international conditions, which impose a reprimarization to the Brazilian economy, there are international constraints that reject the possibility of a comprehensive agrarian reform. In this plan, successive Brazilian governments, despite of a supposedly closer government of Luis Inacio Lula da Silva to the cause of agrarian reform, have perpetuated a land situation that has been slightly modified in the past few years. In 2009, a 0.91% of the properties, referring to properties with more than 1,000ha, accounted for a 44.42% of the occupied area, while the ones holdings less than 10ha occupied only a 2.36% of the area, revealing the high degree of land concentration in this country. Another indicator is the Gini coefficient applied to the concentration of land: in 1967 this index equaled 0.836, evolving to 0.854 in 2006.

The fact is that, historically both, in military and authoritarian governments, whether in governments marked by electoral democracy (which we have left), the structure of land ownership has slightly changed over the last fifty years. The chart below shows the different profiles of land ownership underwent minor changes between 1960 and 2006, revealing that beyond an option of the current government, the non-completion of a more profound land and agrarian reform has been perpetuated as a policy of State. After the end of the military dictatorship and the democratization of the national political scene in 1985, it would be expected that the popular forces and more equitable social projects occupied spaces of decisions and allowed the reform. To some extent, this was the attempt in the National Plan for Agrarian Reform in 1985 and 1988 Federal Constitution. However, with the subsequent accession to the neoliberal model and the related erosion of citizenship, which we saw was just the opposite: despite of the percentage-increase in arable land available, 26.7% of the

country to 31.3% between 1989 and 2010, it revealed the persistence of inequality, of land concentration and the property profiles shown below:

*Gráfico 1 - % arable land owned between 1960 and 2006.*



Source: [www.sidra.ibge.gov.br](http://www.sidra.ibge.gov.br)

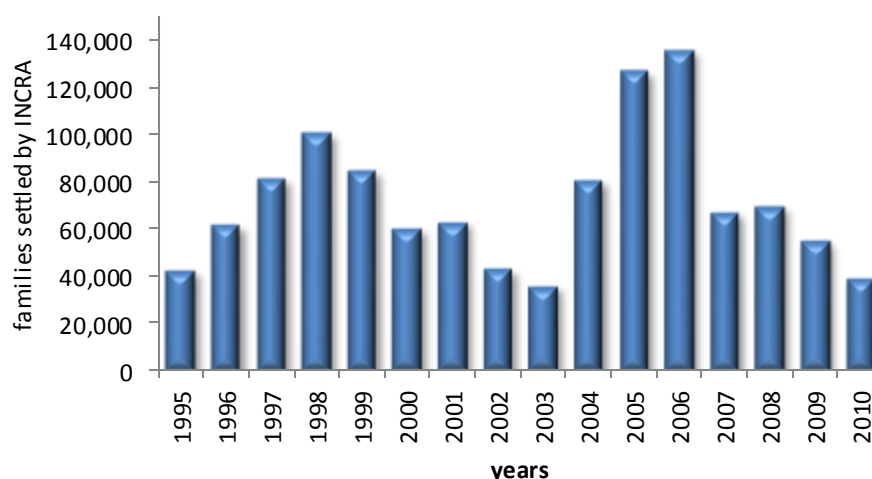
It would be expected that in a country where land reform was part of a structural project of agrarian transformation, the proportions above outlined presented significant changes, since it is a long historical series (almost fifty years). However, the Brazilian case, as observed in the long term, indicates inflexibility in regard to the percentage share of ownership tracks on the farmland. Properties with less than ten hectares in this period amounted to approximately half of the total, decreasing to 47.86% in 2006, when it would be expected, if the option had been the land reform, that this profile would increase its percentage due to the reduction of other property profiles. These data suggest that the change in land ownership structure is not set as a project in Brazilian government and society in the long term, the option seems to be “to freeze” the structure of land with compensation policies to ensure the viability of small farms but do not expand, or to expand up to the point where they do not threat the absolute predominance of large property linked to agribusiness exports. Policies such as PRONAF (Program for Strengthening Family Agriculture), ATER (Technical Assistance and Rural Extension) Bolsa Verde (which includes a benefit of \$ 300.00 monthly, seeds and tanks) and Bolsa Familia itself, which also covers portions of the rural population, are examples of this strategy. These policies make up what Delgado called “Constrained Adjustment”, because they do not propose any output and they are designated for a minority of small family farmers and settlers.

The current president, Dilma Rousseff, has used these mechanisms in combating rural poverty, which according to her understanding, affect in a more brutal manner the economic system than the current configuration of land ownership. The predominant logic has been to supply an income to families until they are able to integrate the production structure and the market. This policy is explained, in our opinion, by some factors:

- a) Absence of prospects for changing in the economic model;
- b) fiscal and structural limits of our economy and the (growing) related need to generate surpluses through export of commodities feasible only on large scales (large estates), especially in fields related to the production of biofuels;
- c) the abrupt rise in land prices, which raises the costs of land reform;
- d) the political strength of the **caucus (rural row of seats)** and forceful defense that **the Brazilian government has made this quite specialized form of insertion in the global economy**, exemplified in the adoption of the new Forest Code, which leaves openings for maintenance and expansion of deforestation;
- e) the lack of mobilization of the largest portion of the population, for today only a 15.6% of the population is allocated in the agricultural sectors, with only a 11% of the workforce allocated in rural areas, indicating that the high degree of urbanization of Brazilian society hinders the universal of agrarian reform banner.
- f) with laudable exceptions, such as the MST and Via Campesina, the degree of political mobilization on this issue is very low.

In this context, it is no wonder that the credit for settlements has declined significantly between 2008 and 2011 (**1.6 billion to nine hundred million dollars**), as well as the disbursement of resources for the acquisition of land for agrarian reform, which were reduced from 1.92 billion in 2005 to 482 million reais in 2011. In fact, the government has disbursed below the approved LOA (Law of Annual Budget), as in the case of credit granting, where nine hundred million dollars were approved for 2011, of which only thirty million were effectively spent. It is not surprising, in these terms, that the number of families being settled have been considerably reduced in recent years, as seen in the chart below:

*Gráfico 2 – Families settled by INCRA*



*Source: INCRA (Instituto Nacional de Colonização e Reforma Agrária)*

## b) Resistance:

The current dilemmas listed above do not indicate the absence of struggle and resistance, they just give us a more accurate idea of the challenge scales to social movements whose flag passes through land reform. This is not a recent demand of the Brazilian society, it has emerged with great force in the Peasant Leagues in the 1950's. Initially created in Pernambuco, they have spread into other states expanding agrarian disputes about the reality of the country. The Leagues spoke on behalf of a broad and diverse category of workers that included tenants, sharecroppers, tenant farmers and smallholders who produced a subsistence crop and traded the surpluses produced in their own or another land. In this sense, we should remember that the use of the term "peasant" seems to have been a factor of identification and unit to designate such a broad category opposed to a common adversary, called by political leaders as "unproductive and decadent large estates".

As the represented layers are basically dependent on the direct production on transferred, rented or own (small farms) land, we can understand why they coalesced around causes linked to immediate possession and enjoyment of the land. The overall process of politicization that occurred in this period, particularly since 1960, easily converted individual or located demands for land into broader claims. This mobilization, along with the growing strength of trade unions and some political approximation to the government of Joao Goulart, was enough for the most reactionary sectors of Brazilian society to sponsor a military coup in 1964, when the popular forces in favor of land reform were strikingly persecuted and annihilated by the national army and its supporters, opening up space for an economic model even more concentrating of wealth, income and land. There is, at this moment, intense modernization of Brazilian agriculture, the "painful modernization" with capitalist development in the field without changing the structure of land ownership, which resulted in the impoverishment of the agricultural population and a major rural-urban exodus of twentieth century.

According to the organic intellectual Joao Pedro Stedile, the Movement of Landless Rural Workers – the MST – derives directly from the Peasant Leagues. Officially founded in the city of Cascavel-PR in 1984, this movement comes from the growing political activism itself towards the end military dictatorship, the very painful modernization, which showed a series of contradictions in rural Brazil, the participation of the more progressive sectors of the Catholic Church and the political history of the South, region where the movement was originated.

As Bernard M. Fernandes in his book *The Formation of the MST in Brazil*, the MST was born in the occupation of land and this action is its first instrument of struggle against land concentration and the State. According to him, because the non implementation of agrarian reform, the landless intensify the struggle through occupations, requiring the government to carry out a policy of rural settlements, which, if it is not ideal as we have seen, at least it is placed. The organization of the MST as a social movement today is already present in almost all states of the federation, which illustrates their representation in national terms.

The history of MST, as the history of the whole Brazilian rural life, is marked by great violence. In one of the most brutal battles, in Eldorado dos Carajas-PA, nineteen

landless workers were executed at point black range by the police on April 17th, 1996. The confrontation occurred when about five hundred thousand landless blocked the highway BR-155, which connects this city to the state capital, Belem. From the national protests and demonstrations came the pressures that triggered the creation of the Ministry of Agrarian Development in 1999, showing triumph in the movement, later frustrated as it could be seen.

Because of their action strategies, involving the invasion of unproductive land, the occupation of public buildings, conducting marches (such as the National March for Agrarian Reform, Employment and Justice, which came out of Governador Valadares, Minas Gerais, and went to Brasilia, a distance of 1,032 km, which was attended by thousands of landless in 1997), the Pastoral Land, education at various levels (literacy, high school, the teaching of the mystical, undergraduate and graduate), the foundation of the Florestan Fernandes National School and the Social Movements Popular University, which put in touch critical intellectuals, social leaders and activists, the MST, beside Via Campesina, has managed to keep it for nearly thirty years as one of the main social movements in Latin America, with over 1.5 million members, and it is certainly responsible for the maintenance of land reform as one of the issues of social demand. However, as we saw, as land reform loses ground in Brazilian government and society, the channels of access to a more broadly land and agrarian policy narrows.

The fact is that in the current framework, the Agrarian reform flag; an old flag of the capitalist development and as last bourgeois, fights against the large state, the fight against the agribusiness, to combat against the Brazilian' insertion in the global economy, fight against the current consumption patterns, to fight for new energy matrix, the fight against food contamination by pesticides and fertilizers, anti-capitalism, the revolutionary struggle. This fight goes on. In 2010, based on the Pastoral Land Commission, there were 638 conflicts over land and only by this mechanism the Agrarian Reform can reclaim the space on stage today, totally adverse.