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**AGRARIAN REFORM AND DEVELOPMENT IN BRAZIL:
RE-OPENING A DEBATE IN A TIME OF CRISIS**

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CHAPTER ONE

INTRODUCTION

1.1 Objective of the study

Brazil is a country which generally has undergone a relatively successful process of modernization of its economy, and of its agricultural sector, particularly since the 1930s. Nevertheless, Brazil is also a country which presents a high degree of income and landownership concentration. Despite having modernized its productive structure, the present pattern of landownership distribution still resembles the colonization period, when the Portuguese divided the country into fourteen *capitaneas*, granting them to the allies of the King. Furthermore, successive modernization policies, pursued throughout Brazilian history have reinforced the historical polarization in landownership instead of correcting it.

Although the agrarian question has remained unsolved throughout Brazilian history, its contents have changed over time. It is the very nature of a certain development strategy that determines the contents of the agrarian question in a particular circumstance. Not only do the contents of the agrarian question vary over time, but the significance of agrarian reform also changes.

In the late 1950s and early 1960s the agrarian question, according to the developmentalist school of thought, consisted of the feudal and backward character of social relations in the countryside, which constrained capitalist development. Therefore agrarian reform was seen as a precondition of capitalist development. However, the development strategy adopted from 1964 onwards showed that it was possible to modernize agriculture and expand capitalist relations to the countryside without land redistribution. The technological basis of agriculture was altered without changing the agrarian structure.

With the reorganization of agriculture on a new technological basis and the dominance of capitalist relations of production in the countryside, the transitional or anti-feudal land reform thesis became out-dated.

The objective of this research paper is to discuss the significance of agrarian reform in contemporary Brazil. This will be done by analysing the ongoing debate on the issue and by highlighting the controversy which surrounds 'socio-political' versus 'economic' reform. In the mid 1980s the criticism of the economicism of the developmentalist agrarian reform thesis gave rise to another line of argument in favour of reform. Such arguments emphasize the political and social aspects of land reform rather than economic factors. It is argued that land reform is justified by its social and political aspect (improvement of the living standards of the rural poor and redistribution of power) regardless of its productive impact. Recently, some criticisms have arisen regarding this kind of 'social agrarian reform'. It is argued that the overemphasis given to the social dimension of

agrarian reform and the neglect of its economic aspect has led to a conception of agrarian reform as a mere palliative to alleviate the consequences of the process of modernization without questioning the nature of that process.

The question which lies behind the controversy about the significance of agrarian reform in contemporary Brazil, and the one which this paper seeks to answer, is as follows: given the present stage of general economic development, and agricultural development in particular, is land reform justified simply as a social policy or does it have an important role as a component of development policies?

1.2 Theoretical approach

No distinction will be made between the terms 'agrarian reform' and 'land reform'. I may eventually use them, interchangeably, to characterize a process of change in the land property relationship (i.e. a transfer of property rights from one social group to another). Policy measures such as colonization and land titling will not be considered as agrarian reform.

Given that the land tenure system is correlated with the social, economic and political structure of a society, a process of agrarian reform implies change that goes beyond the limits of the agricultural sector. For this reason, the agrarian reform issue cannot be considered as an isolated entity. The arguments for and against agrarian reform, the motivation to carry out (or not) an agrarian reform process, and the different conceptions of agrarian reform, are closely related to conceptions of social, political and economic organization of society as a whole.

From that perspective the agrarian reform issue will be approached in relation to strategies of socio-economic development at a global (national) level. In this sense, I believe that the historical absence of agrarian reform in Brazil can only be understood in relation to the strategies of economic and social development adopted throughout Brazilian history. Likewise the 'return to' the debate on development strategies, an issue from the neo-liberal agenda, can provide insights into the current debate on agrarian reform in contemporary Brazil.

1.3 Structure and organization of the paper

This paper is organized as follows: Chapter 2 (Import Substituting Industrialization Model: 1930 to 1964) and Chapter 3 (Outward-Oriented Model: 1964 onwards) of this study aim at providing a historical explanation of how and at what cost Brazil has managed to modernize its economy in general, and its agricultural sector in particular without making any changes in the highly concentrated

agrarian structure.

In Chapter 4 I will discuss the agrarian reform issues in the light of the crisis of the 1980s and the process of political democratization. It will be shown that despite the opportunities opened up by this process, in the sense of resolving the crisis by democratic means, the integration of the poor population into the process of development is still a very limited process. One illustration of the limited nature of progress is the postponement of the solution of the agrarian question.

Chapter 5 analyses the ongoing debate on agrarian reform, focusing on the controversy around social versus economic agrarian reform. An attempt will be made to show the relationship between the assumptions behind each argument and the empirical evidence. In this sense questions such as the 'importance of peasant agriculture' will be empirically examined.

Finally, in the concluding part, I attempt to elucidate the significance of agrarian reform, bringing the discussion presented in Chapter 5 into the broader debate about development strategies, drawing on some of the lessons arising from the discussion in Chapters 2 and 3.

1.4 Methodology and sources of data

This paper relies on the rich and diverse theoretical and empirical literature on agrarian problems in Brazil. The analysis will proceed by highlighting the different positions and debates on agrarian reform and development in Brazil. The selected literature includes: scholarly books, published in Brazil and abroad; articles published in magazines; and statements from trade unions, political parties and NGOs. Finally, this paper will also draw on government statistical data.

CHAPTER TWO

IMPORT SUBSTITUTING INDUSTRIALIZATION: 1930 TO 1964

The economic and political changes brought about by (1) the economic crisis of 1929 and by (2) the 1930 revolution, mark the starting point of a new model of development in Brazil. The fall in the international demand for coffee showed the fragility of an economy essentially based on the export of a single agricultural product. In political terms the 1930 revolution meant the breaking down of the political hegemony of the agrarian oligarchies, opening space for other political actors. This combination of economic and political factors led not only to the substitution of a coffee export-centred economy but also to the substitution of a primary export-led growth strategy by an industrialization-led growth strategy (Bielschowsky, 1988:20). The weakening of the neo-liberal ideology, which prevailed until 1930, as well as the centralization of power and financial resources, created economic and political conditions favourable to state intervention on behalf of industry. The speed of the industrialization process from 1930 onwards showed that agriculture was no longer the dynamic centre of the Brazilian economy. In the period from 1920 to 1929 agriculture grew at a rate of 4.1 per cent and industry at 2.8 per cent per year. In the years from 1933 to 1939 the rate of agricultural growth decreased to 1.7 per cent per year, while the rate of industrial growth increased to 11.2 per cent and from 1939 to 1945 agriculture and industry grew at a rate of 1.7 per cent and 4.4 per cent respectively (Feres, 1990:311).

2.1 Developmentalism

The ideology, developed in opposition to neo-liberalism, which gave support to industrialization strategies is known in Brazilian literature as developmentalism. In Bielschowsky (1988) it is defined as 'the programme for overcoming underdevelopment through a planned and state-supported process of integral industrialization' (ibid., 39). Thus, developmentalism refers not only to the ideological support of the process of industrial development but also to the process itself. In this sense the period of accelerated industrial growth corresponds to the period of hegemony of that ideology. Originating in the period 1930 to 1945, developmentalism reached its 'golden age' between 1955 and 1960 when it was, more openly than before, adopted as a state ideology.

Despite some theoretical differences among the developmentalists they shared the view that industrialization was the only means to overcome backwardness and poverty in Brazil. Unlike the neo-liberals who argued for the 'agrarian vocation' of Brazil,¹ they argued for the necessity and viability of building a modern industrial capitalism in Brazil. Such a goal would be achieved through

economic planning and state intervention.

Schematically, two theoretical positions regarding the degree of state intervention and the role of international capital can be identified within the developmentalist school. The nationalist current advocated the state ownership of strategic sectors (minerals, energy, transport, basic industries, etc.). They saw in the state a 'crucial agent for economic, social and political change' (Kay, 1991:36). The Nationalists were strongly influenced by ideas propounded by Prebisch and the Economic Commission for Latin America (ECLA). Celso Furtado, one of the ECLA contributors, was the most influential exponent of this ideological current, being a Cabinet Minister in the Goulart government of 1961 and a close contributor to the Kubitschek government of 1955.

The non-nationalists preferred private solutions to the problem of investment in basic infrastructure and in industry. Since the national private sector was not in a position to make such an investment, the private solution option implied, in this case, foreign capital. With regard to the problem of inflation the non-nationalists were more likely to agree with a monetarist thesis whereas the nationalists adopted a structuralist approach to the problem.

2.2 The role of agriculture

The strategy of accelerated industrialization required a large transfer of resources from agriculture to industry. According to Goldin & Rezende (1990), in reference to the export sector, the transfer from agriculture was achieved through policies designed to promote the utilization of domestically-manufactured products (from the input side) and the maintenance of an over-valued exchange rate (ibid., 24). Nevertheless, despite the bias against agriculture, the export coffee-centred sector was compensated by the 'reallocation of resources within the agricultural sector towards coffee' (ibid., 25). In his analysis of agricultural policies from 1930 onwards, Feres has pointed out that 'the new policies consisted of financing the coffee sector using resources from the coffee sector itself' (Feres, 1990: 312). Actually there was no contradiction between the policies in favour of industry and the interests of the coffee growers. This can be illustrated by the fact that even the over-valued exchange rate (in 1952 the dollar was quoted at 18 Cruzeiros, the same value as in 1939) had the support of the Rural Brazilian Society, the main coffee growers association (Bielschowsky, 1988: 380).

The coffee-biased agricultural policies had, however, a harmful effect on the peasant food producer sector. The policy of price control on domestic food was an indicator of the role that the peasantry was expected to play in the process of development: supplier of cheap food for the industrial-urban sector in order to cheapen the reproduction of the labour force. The low wage level of the industrial labour force was also guaranteed by a large and permanent supply of labour, made

possible by a massive dispossession of the peasantry. The special treatment for exports and the negligence of the peasant sector led to a rather unequal pattern of rural development. On the one hand there was an enlargement of the 'abyss between the commercial agriculture and the peasant agriculture' (Feres, 1992: 2), while on the other hand there was an increase in regional inequalities. As Goldin & Rezende pointed out, the food policies which discriminated against agriculture 'generally made the already disadvantaged north-east even less well off than before, especially as manufacturing growth... was centred in São Paulo and other southern states' (1990., 25).

In the late 1940s, concern grew with regard to the situation of Brazilian agriculture. According to the prevailing economic thought there was a need for a more harmonic relationship between agriculture and industry in the sense of enabling agriculture to better fulfil its role in the development process. From this perspective agriculture should, through modernization, increase its productivity in order to improve its participation in (1) the generation of the financial resources needed to import inputs for industries; (2) the supply of cheap food and (3) the domestic market for industrial goods (Bielschowsky, 1988: 379).

2.3 Distributive issues

It is worth noting that distributive issues (especially land reform) played only a secondary role in the theoretical debate and in the political struggle of this period. The political controversy, at least until the late 1940s, centred on whether Brazil should develop by becoming a modern industrialized country (developmentalist thesis) or 'according to its agrarian vocation' develop by becoming a modern agrarian state, by modernizing its agricultural sector (neo-liberal thesis). In the 1950s the debate was between the nationalist and non-nationalist currents of the developmentalist school. The main issue under consideration was whether the investment needed to build a basic infrastructure for the development of industries should be made by the state or by international capital. An overall view of this period points to the hegemony of the nationalist *desenvolvimentista* strategy. The arguments in favour of state protection of industry, based on Prebisch's ideas, as well as the Lewisian model (see Saith, 1990), assume the existence of surplus labour in the rural sector. The main concern of those arguments was to 'demonstrate' the economic rationality of using rural surplus labour in industry. The dominant neo-liberal belief advocated the absorption of surplus labour into activities in which the country could use its comparative advantages (i.e. agricultural exports). The developmentalist current argued that, despite the higher costs of creating industrial jobs, in comparison to agriculture, the road to industrialization would still be more beneficial for the country in the long run. Underpinning such arguments was a belief in the inevitability of the deterioration of the terms of trade, due to the

inelasticity of international demand for primary products (Bielschowsky, 1988: 33/34).

It should be noted, however, that the corner-stone of the developmentalist ideology was the defence of state protection for the modern industrial sector. The issue of solving the rural poverty problem, apart from the trickle-down effect, through absorption of rural surplus labour by industry, did not deserve further theorization. The lack of emphasis placed on redistribution issues can be explained by optimism about the industrialization process which was seen as the means of solving all economic and social problems. As Saith pointed out 'common also across most developing countries was the perception, pegged sometimes to some shreds of theory, or simply floating on the buoyancy of hope, that such an industrialization process...would soon banish the scourge of underdevelopment and rural poverty' (1990: 196).

It is for this reason that the apogee of developmentalist ideology corresponds with an unprecedented period of industrial growth. Optimism about an accelerated industrial growth left little space for distributive concerns. Redistribution did not become an issue until the 1960s, when industrial growth had slowed down and social inequalities, brought about by the process of industrialization itself, became all too evident.

2.4 Economic crisis and reformulation of developmentalism

In the period from 1961 to 1964 Brazil experienced a sharp deceleration of economic growth. While the GNP grew by 10.3 per cent in 1961 the three subsequent years saw a rate of growth of 5.2, 1.6, and 2.9 per cent respectively. (Bielschowsky, 1988:480).

According to interpretations based on the ECLA's thesis, the period 1955 to 1960 was the climax as well as the last phase of the import substituting industrialization strategy as a motor of economic growth. From this perspective the economic crisis of the early 1960s was caused by exhaustion of that strategy (ibid., 480).

According to Bielschowsky the crisis of the early 1960s led the nationalist desenvolvimentista school, ideologically identified with the ECLA thesis, to reformulate its theoretical analysis of development. It had become very clear that industrialization by itself could not solve such problems as employment and poverty. Therefore redistribution of income and land began to be included within development strategies. Tavares (see Bielschowsky, 1988: 494), one of the most influential writers of this period, pointed out that concentration of income had been compatible with the pattern of development based on import substitution industrialization. Nevertheless, in a new phase of development, economic growth would not be possible without income and land distribution (ibid, 494).

CHAPTER THREE

OUTWARD-ORIENTED MODEL: 1964 ONWARDS

3.1 The 'miracle' of the Brazilian model

The inward-oriented development strategies based on the creation of a national industrial sector through import substitution, which had been applied since 1930, were replaced by an outward-oriented model of development from 1964 onwards. In contrast to the nationalism of the former period, the military governments opted for 'international integration' as the only possible path of development. Actually the opening of the Brazilian economy to multinational capital had been advocated, without success, since the 1930s by the neo-liberals and by the developmentalist non-nationalists (Feres, 1990:392).

Besides the opening of the economy to foreign capital the main distinctive feature of the military strategy was its doctrine of national security, defined as the struggle against the internal enemy, that is communism, and the integration of the peripheral areas of the country (Humphrey et al., 1983:08). The choice of industrialization as the highest national priority and its subordination to the doctrine of national security, provided the military rulers with the conditions to offer a stable and safe climate for national and foreign capital. In this context any claim for wage increases, for instance, would be severely repressed and condemned as a conspiracy against the national interest. Thus, while the military opened the doors of the country to foreign capital, honouring investors as special guests at the feast of national development; Brazilian workers, organized in trade unions, peasant associations and political parties, were declared internal enemies.

Besides the favourable internal conditions, provided by a policy of income concentration, guaranteed by strong political repression, Brazil could also count on a favourable international conjuncture for an accelerated process of industrial growth. For many years Brazil enjoyed the benefits of high international commodity prices coupled with an availability of generously cheap international credit. Such a combination of internal and external factors constitutes the secrets of the remarkable economic growth after 1964. Table 1 shows that, during the period from 1968 to 1974 - referred to in Brazilian literature as 'the economic miracle' - the economy grew at an average rate of over 10 per cent, a phenomenon without precedent in the country's history.

When the international economy entered a period of recession following the 1973 oil crisis, the Brazilian government, in order to compensate for the falling international demand, increased the availability of cheap credit to the agricultural export sector and maintained subsidies and tax incentives to industry. Brazil was able to continue financing its pattern of industrial growth, through increased

foreign indebtedness, until the international credit supply dried up following the second oil crisis of 1979-80 (Sader, 1991:21). The industrial growth had to be slowed down and the country entered a period of strong recession in the early 1980s returning to the more 'traditional experience of growth restrained by the availability of foreign earnings, which had characterized Brazil's experience from the beginning of the twentieth century' (Bacha & Klein, 1989:5).

Table 1

Brazilian Economy: Selected indicators 1962-1982

Years	GNP (%)	Inflation (%)	Export US\$ mill.	Import US\$ mill.	Ext. Debt US\$ mill.
1960	9.7	30.9	1,279	1,293	2,071
1961	10.3	38.1	1,405	1,292	3,080
1962	5.2	55.2	1,215	1,304	3,183
1963	1.6	78.0	1,406	1,294	3,186
1964	2.9	87.8	1,430	1,086	3,101
1965	2.7	55.4	1,596	941	3,478
1966	5.1	38.2	1,741	1,303	3,762
1967	4.8	25.0	1,645	1,441	3,372
1968	9.3	25.5	1,881	1,885	3,917
1969	10.0	20.1	2,311	1,993	4,403
1970	8.8	19.3	2,739	2,507	5,295
1971	13.3	19.5	2,903	3,245	6,621
1972	11.7	15.7	3,991	4,235	9,521
1973	14.0	15.5	6,199	6,192	12,571
1974	9.8	34.5	7,951	12,641	17,165
1975	5.6	29.4	8,699	12,210	21,171
1976	9.0	46.3	10,128	12,346	25,985
1977	4.7	38.8	12,120	11,990	32,037
1978	6.0	40.8	12,659	13,639	43,510
1979	6.8	77.2	15,244	18,083	49,904
1980	7.9	110.2	20,132	22,955	53,847
1981	1.9	95.2	23,293	22,091	61,400
1982	1.4	99.7	20,175	19,397	87,000

Source: Feres, J.B., 'Propriedade da Terra: Opressão e Miséria -o meio rural na história social do Brasil', Amsterdam, CEDLA, 1990:397.

Table 1 also provides data on the Brazilian economic performance from 1962 to 1982. It can be seen that at the end of the 'miracle', as growth slows down, there is a considerable increase in the rate of inflation and foreign debt. The main feature of the Brazilian model had been its strong reliance on the liquidity of the international financial market, and when the crisis became more acute in the early 1980s foreign debt began to determine the performance of the national economy. The

result was that Brazil changed from a position of being a capital absorber to being an exporter of dollars (Feres, 1990:397-8).

3.2 Concentration: the motor of the Brazilian miracle

The reorientation of development strategies showed that, unlike what had been believed in the early 1960s, redistribution of income and land were not preconditions for economic growth. The Brazilian economy, especially during the period of the 'economic miracle' between 1967 and 1977, achieved high rates of economic growth without income distribution (Feres, 1990:397). This can be understood by looking at the dynamics of capital accumulation in the 'disarticulated economies' of the Third World (de Janvry, 1981). Since income concentration implies a narrow internal market, the realization of surplus depends on the external market and on a high income consumer class. A socially restricted domestic market is compensated for by maximization of profits, by keeping wages down, and by guaranteeing, through income concentration, a class of élite consumers. De Janvry pointed out that there are two ways of increasing the domestic market: (1) by increasing wages, which increase effective demand and change the composition of consumption towards durable goods (market-deepening) and (2) by means of promoting proletarianization and urbanization (market-widening) (1981:46). The shift in the composition of the Brazilian population from a predominantly rural society in 1960 to a largely urban society in the 1970s and 1980s shows that market-widening was an important mechanism in increasing domestic market.

It is this logic of capital accumulation that explains also why land concentration was not an obstacle to modernization and growth. Before discussing the particular way in which the 'agrarian question' was solved, it is worthwhile looking back at debate concerning land reform in the early 1960s.

3.3 The agrarian question

The main characteristic of the debate, which was interrupted by the military coup in 1964, was that redistributive issues, particularly land reform, occupied a prime position on the political scene. It is worth noting, however, that the increasing prominence of the land reform issue cannot simply be attributed to the shrewdness of some sectors of the ruling élite in perceiving that economic development could not continue without income and land property deconcentration. Land reform had already been an issue for the peasantry since at least the mid-1950s, the period considered to be the apogee of developmentalism.

Since 1930 the peasantry had been excluded from the political pact which governed the country. However, in the mid-1950s the peasantry began to organize itself into trade unions and peasant leagues. For the first time in Brazilian history, peasants were able to break their personal and political ties with the landlords. The peasantry was to play an important role on the political scene until the military takeover. They had little reason to be optimistic about the style of development carried out by the Brazilian élites. The presence of the landed élites on the political scene, although weakened by the 1930 revolution, was strong enough to prevent any change in the countryside.

Roughly speaking, we can identify two positions in favour of land reform in the early 1960s. On the one hand there was a defence of land reform based exclusively on an economic point of view. The 'agrarian question' consisted basically in the backwardness of Brazilian agriculture, classified as feudal or pre-capitalist. It meant low productivity and low purchasing power of the rural masses. From this perspective the agricultural sector was considered a constraint to capitalist development. Low productivity meant a limited capacity for supplying cheap food for the urban-industrial sector and low purchasing power meant a narrow domestic market for industrial goods. Land reform was, therefore, seen as an indispensable economic measure for capitalist development. That was the view of a sector of the bourgeoisie, of the developmentalists and to a certain extent of the Brazilian Communist Part (PCB), who saw in the development of capitalism a necessary phase in achieving socialism.

On the other hand, peasant movements expressed another position, although this was not always theoretically elaborated. Here land reform was viewed as a matter of social justice. Solving the 'agrarian question' necessarily implied land redistribution rather than simply agricultural modernization. Land reform was, therefore, a precondition of solving the problem of the social marginalization of the landless and of those who only had access to land in a precarious way. Moreover access to land was an essential step in breaking the monopoly of political power of the landed élites. For the peasants land reform was an entry into citizenship.

The reorientation of development strategies from 1964 onwards showed that land reform was not, from an exclusively economic perspective, a precondition to solving the 'agrarian question'. The solution presented by the military governments consisted of two basic points:

Firstly, colonization was presented as a response to pressure for land redistribution. The transfer of the peasant population from areas of conflict to geographically-isolated areas, especially to the Amazonian region, was also intended to be an economic means of expanding the agricultural frontier. This solution to the 'agrarian question' would later give rise to the 'environmental question'.

Secondly, modernization of the latifundia sector was seen as a response to the problem of low

productivity. This process is referred to in the Brazilian literature as 'conservative modernization' as it resulted in changing the technological basis of agriculture without changing land property relations (Feres 1990, Graziano 1981, Martine 1991).

Table 2

Use of tractors by size of farm establishment, Brazil 1960-1980

Size of Farm Establishment (hectares)	Number of tractors by 100 of farms establishment			
	1960	1970	1975	1980
Less than 10	0.2	0.5	0.6	1.1
10-100	1.4	3.5	7.2	11.3
100-1,000	8.7	16.4	27.9	40.3
1,000-10,000	29.1	56.0	102.2	144.8
10,000 and over	64.8	138.6	267.0	418.5
Total	1.8	3.4	6.5	10.3

Source: Martine, G. & Beskow, P.R., 'Os Impactos Sociais da Modernização Agrícola', HUCITEC, São Paulo, 1987:28. Using data from Agricultural Censuses.

The modernization of Brazilian agriculture consisted basically of the intensive use of chemical inputs (i.e. fertilizers) and the simultaneous escalation in use of mechanical inputs (i.e. tractors, etc.). Table 2 shows the utilization of tractors according to the area of agricultural establishments from 1960 to 1985. It can be seen that there was a significative increase in the use of tractors. In 1960 there were 1.8 tractors for each 100 establishments and in 1985 this had increased to 10.3 per hundred. The concentrative character of this process of mechanization is particularly evident when considering the use of tractors according to the area of the farm establishments. In 1985, for instance, the ratio of tractors/100 establishments was 1.1/100 for the farms of less than 10 ha., while for those in excess of 10,000 ha. the ratio was 418.5/100 establishments (see Martine & Beskow, 1987:28-29).

What is the rationale behind the promotion of labour-saving technologies in a context where (1) labour was the most abundant and cheap factor and (2) there was a very high rate of demographic growth in the countryside?

This apparent economic irrationality can only be understood within the global context of the development model adopted, which had industrialization, based on the association of national and foreign capital, as the highest priority. In this sense, agricultural modernization was meant to:

increase production and productivity of the agricultural export sector in order to generate the required financial means for industrialization and increase the rural demand for industrial products. It is worth noting that conservative modernization helped to expand the domestic market by increasing demand for capital goods rather than by incorporating the rural poor into the market.

Generally speaking, the agricultural policies adopted after 1964 reduced the bias against agriculture, notably by adopting trade liberalization measures and by easing the exchange rates (see Goldin & Rezende, 1990:25). However such policies favoured, above all, the export crops, among them those with an added value, and the capitalist sector responsible for their cultivation. The peasant food producer sector was omitted from the modernization policies. In other words, while the burden on the export sector was reduced, the bias against peasant agriculture increased.

The state, through a policy of subsidized rural credit, played a crucial role in this process of modernization and consolidation of the agro-industrial complex (see Martine & Beskow, 1987; Goodman, 1989). Subsidized rural credit was a key element in promoting the integration of industrial and agricultural capital. In this sense, the link between the industry of chemical inputs and the agricultural sector was financing credit (*credito de custeio*), while the link with the industry of mechanical inputs was investment credit (*credito de investimento*) (Martine & Beskow, *ibid*, 25).

It was through credit polity that the state was able to subsidise the capitalist sector of agriculture and, at the same time, guarantee a relatively profitable market for the agricultural inputs industry. It is, for instance, thanks to the investment credit that there was a decrease in the real prices of tractors (in 1977 there were 30 per cent lower than in 1967), without tractor producers sustaining losses (Romeiro, 1986:38).

From the mid-1960s there was quite a substantial expansion of rural credit. In 1968, for instance, the number of credit contracts was 540,283, increasing to 2,766,061 in 1980 (Martine & Belkow, 1987:23). The main feature of rural credit policy, which very often had negative real interest rates, was its concentrative character. It was concentrated on certain export crops like coffee, sugar-cane and soya beans, which are cultivated mainly in the centre-south region of the country. the distribution of rural credit was also concentrated on a small number of agricultural producers.

Table 3

**Relative Share in the access to total agricultural financing
and in value of financing, by size of farm establishments.
Brazil, 1970-1980**

Size of Farm establishment (hectares)	% of establishments			% with access to financing			% financing value		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
Less than 10	51.2	52.1	50.6	5.0	4.8	10.3	5.5	3.2	4.4
10-100	39.3	38.0	39.0	17.2	23.2	32.2	33.1	28.7	30.0
100-1,000	8.4	8.9	9.5	23.2	31.1	35.0	41.8	44.6	42.5
1,000-10,000	0.7	0.8	0.9	25.3	36.5	33.5	15.6	19.7	20.3
10,000 and over	0.7	0.0	0.0	23.1	33.9	21.7	4.0	3.8	2.8

Source: Martine, G. & Beskow, P.R., 'Os Impactos Sociais da Modernização Agrícola', HUCITEC, São Paulo, 1987:25. Using data from Agricultural Censuses.

Table 3 presents data on the distribution of rural credit according to the size of farms in Brazil. It can be seen that in 1980 farms of less than 10 ha., which constituted 50.6 per cent of the total, received only 4.4 per cent of the total value of financial credit. On the other hand, those farms of between 100 and 1,000 ha., constituting only 9.5 per cent of total, received 42.5 per cent of total credit value (see Martine & Beskow, *ibid.*:25).

One consequence of agricultural modernization, oriented towards exports, was a significant change in the pattern of agricultural production in favour of export crops. Between 1947 and 1967 food crop production (rice, beans, cassava and maize) grew at an average rate of 4.7 per cent per year, while export crops (oranges, soya beans, sugar-cane and coffee) grew by 5.73 per cent. In the period from 1967 to 1979 food crop production decreased to a yearly growth rate of 0.93 per cent, while the export crops increased by 8.10 per cent per year (Feres, 1990:417). Among export crops there was also a shift in favour of processed agricultural products which grew in dollar terms by 19 per cent in the 1970s. The unprocessed agricultural exports which accounted for 84 per cent of the agricultural exports in the mid-1960s decreased to 50 per cent in 1978. By the late 1970s processed agricultural products accounted for 30 per cent of total exports exceeding the contribution of manufacturing (Goldin & Rezende, 1990:26).

The conservative pattern of agricultural modernization also had an impact on agrarian structure, contributing to an increased concentration of landownership. Two factors acted simultaneously to change land property relations. On the one hand, the technological pattern which was adopted favoured large-scale production at the expense of peasant agriculture. On the other hand,

besides the gains that could be obtained through speculation, landownership became, under the new policies of subsidized credits and fiscal incentives, an easy means of obtaining public resources.

Fiscal incentives were used notably to encourage the colonization of Amazonia. Those who implemented projects of agricultural and livestock production in the area were granted tax reductions. Besides increasing land speculation, by facilitating land purchase, the incentives to colonization had a harmful impact on the environment of the region. The occupation of the Amazonian frontier region mainly consisted of extensive livestock farms, which required forest clearance in order to introduce pasture. The simple act of devastating the forest and introducing a certain number of cattle entitled the landowners to fiscal incentives and subsidized credits.² Moreover, by 'simulating' a productive farm, the landowners avoided the threat of being expropriated for the purposes of agrarian reform (Reydon, 1992:24). Colonization policies increased conflicts over land ownership between the colonization enterprises, on the one hand, and peasants and indigenous groups on the other (see section 4.1.3 of the next chapter).

The combination of all these factors created a vicious circle, where speculation pushed land prices up and higher prices, in turn, increased speculation. As a consequence, the already acute landownership concentration became even worse. Table 4 presents data on land distribution from 1940 to 1980 according to the area of the farm. It can be seen that far from being a recent phenomenon, landownership concentration is a persistent characteristic of the Brazilian agrarian structure. Nevertheless, it can be seen that from 1940 to 1970 there was a tendency towards a progressive reduction of the size of farms. In this period there was a decrease in the number of farms of more than 1,000 ha. while there was an increase in the share of those of less than 10 ha.

However, from 1970 onwards, when the modernization policies began to have an effect, the trend was reversed. All farm size groups up to 1,000 ha. diminished in relative importance, while those of more than 1,000 ha., especially those of more than 10,000 ha., increased their share of the total area.

Table 4

Distribution of Farm Establishments by Number and Area, 1940-1980¹

Size of Farm Establishment (hectares)	I. Percentage Distribution by Number					II. Percentage Share of Total Area				
	1940	1950	1960	1970	1980	1940	1950	1960	1970	1980
Less than 10	34.4	34.4	44.8	51.2	50.4	1.5	1.3	2.4	3.1	2.5
10-100	51.2	51.0	44.7	39.3	39.1	16.7	15.3	19.0	20.4	17.7
100-1,000	12.8	13.0	9.4	8.4	9.5	33.5	32.5	34.4	37.0	34.8
1,000-10,000	1.4	1.5	0.9	0.7	0.9	31.4	31.5	28.6	27.2	28.7
10,000 and over	0.1	0.1	0.1	0.1	0.1	16.9	19.4	15.6	12.3	16.4
Total	1,904.6	2,064.6	3,337.8	4,924.0	5,159.8	197.7	232.2	249.9	294.1	364.9

1. The totals are in thousands of farm establishments in I and millions of hectares in II.

Source: Goodman, D., 'Rural Economy and Society' in *Social Change in Brazil: 1945-1985 the incomplete transition*, edited by Bacha & Klein, The University of New Mexico Press, 1989:70. Using data from agricultural censuses.

The consolidation of the agro-industrial complex has also had an impact on class structure in the countryside. The processing industry, a key component of the agro-industrial complex, has been responsible for important restructuring of agriculture as a whole. Agricultural output, including food, is progressively turning into input for the processing industry (Wilkinson, 1986:18). One effect of this process is that class structure in the countryside has been redimensioned. Sections of the peasantry, traditionally responsible for supplying food to the internal market, are subordinated to or integrated into, the supply of inputs to agro-industry. The other side of this sort of vertical integration is the exclusion of a large mass of 'backward', 'inefficient' peasants. A small number of them succeed in reproducing themselves as peasants in the frontier areas while the great majority become part of the already large mass of landless people (see section 4.1.3).

According to MIRAD (the Ministry of Reform and Agrarian Development), there were 6.347 million landless wage labourers in 1984 of which the great majority, 4,260 million, are temporary wage labourers. Adding to that figure 4.293 million of small-holders (including legal owners and squatters, sharecroppers, tenants), it makes almost 11 million rural workers with insufficient land or no land at all (see MIRAD, 1985:86).

CHAPTER FOUR

CRISIS OF THE BRAZILIAN MODEL AND RE-DEMOCRATIZATION

4.1 Re-democratization

4.1.1 The growth of the institutional opposition

Opposition to the military government grew as the economic crisis became more acute. In the mid-1970s when the guerrilla groups had been defeated, popular discontent with the military regime began to be channelled by the Brazilian Democratic Movement (MDB), the 'official' opposition party which achieved successful results in the congressional and state elections of 1974 and 1978. Political opposition would also be strengthened with the resurgence of labour movements in the late 1970s. The reorganization of trade unionism took place mainly in the automobile industry concentrated in the state of São Paulo. In 1978 the metalworkers, under the leadership of a new generation of union activists, started a wave of strikes challenging and finally defeating 'the draconian wage policy of the military regime' (Sader, 1991:23).

Weakened by growing political opposition during Geisel's administration, the military embarked on a process of political opening. In order to avoid social upheaval and to ensure the interests of the 'agro-industrial' bourgeoisie, the social support of the military would be guaranteed. General President Geisel announced that political opening would be 'slow, gradual and safe' (Feres, 1990:450). This policy became popularly known as the strategy of 'giving up the rings to protect the fingers'. Coming into office in 1979, General Figueiredo announced the release of political prisoners; an amnesty for exiles; the restructuring of political parties and the establishment of a new electoral calendar, which included the election of state governors to be held together with the congressional election in 1982. Nevertheless, in order to guarantee that the political transition would be as slow and gradual as possible, the indirect presidential election, scheduled to take place in 1984 at the Electoral College, composed of the National Congress, was maintained (see Feres, 1990; Sader 1991).

4.1.2 Reorganization of political parties

The 1979 Party Reform Bill promoted a new party structure in the late 1970s and early 1980s. A pluralist party structure replaced the bi-party structure constituted by one government party (ARENA) and one 'official' opposition party (MDB). The government party changed its name to the Social Democratic party (PDS), while the MDB became the Brazilian Democratic Movement Party (PMDB) and the two communist parties, Brazilian Communist Party (PCB) and the Communist Party of Brazil

(PC do B), enjoyed a legal status for the first time. The populist leader Leonel Brizola, the political inheritor of Getulio Vargas and João Goulart's ideas, organized the Democratic Labour Party (PDT). However the main political novelty of this process of democratization was the creation of the leftist class-based Workers Party (PT) which, at least for the ruling élites, was an unexpected development. One of the distinctive features of the PT lies in the nature of its organization. Unlike traditional Brazilian political parties, where the parties are the outcome of pacts among the élites, the PT has its origin in the re-emergence of the 'new' social movements, especially among the metalworkers of São Paulo. This close relationship between the party and various social movements has characterized its two-fold strategy, based both on parliamentary and institutional actions and on the organization and strengthening of social movements.

Despite its urban-proletarian origin, the PT was soon to extend its influence to other sectors, bringing together shanty-town activists, intellectuals with a Marxist background (who had broken away from the 'old' Brazilian left), activists of the progressive church and rural workers. The particular importance of the PT to the countryside lies in its direct support to the peasants' struggle and to organizations involved in that struggle. It has strengthened the peasants' position in society not only as union activists but also as political actors, capable of discussing and formulating political alternatives for the country's problems

With agrarian reform as one of its top priorities, the PT, together with autonomous peasant organizations, has been one of the main agents responsible for keeping the agrarian reform issue on the political agenda.

4.1.3 The growth of popular opposition and the reorganization of popular movements

Remarkable characteristics of the late 1970s and early 1980s were both the growth of institutional opposition to the military regime as well as the growth and strengthening of popular movements. The re-emergence of urban and rural workers on the Brazilian political scene helped to weaken the military regime and accelerate the process of political transition, which culminated in the creation of the 'New Republic'.

A predominant characteristic of the resurgence of the social movement in the countryside at the end of the 1970s was the emergence of new social actors, implying the geographical and social diversification of their struggles. Goodman (1989) argues that the process of industrialization of agriculture has not led to a uniformization of the social relations of production in terms of a capitalist/proletarian dichotomy. On the contrary it 'has accentuated the diversity of rural social structures' (ibid, 73). However, Grzybowski calls attention to the fact that the diversity of the social

movements is determined not only by contradictions in the socio-economic structure, but also by the diverse forms in which the social actors experience and confront such contradictions (ibid, 1987:17).

Schematically speaking the social movements in the countryside can be classified and grouped as follows (Grzybowski, 1987; Servolo de Medeiros, 1989; Feres, 1990).

I - The Peasant struggle against expropriation

These struggles embody diverse forms of resistance to different types of expropriation. The most important are: (a) the struggle of the *posseiro* (small holders without land titles); (b) the movement of the rural workers without land; (c) the struggle against the barrages and (d) the struggle of the indigenous people.

(a) The *posseiros* movement

This is characterized by three fronts of struggle. The first one is located in the traditional settlement areas, where the *latifundia-minifundia* relations prevail. Here the main adversaries of the peasants are the land-grabbers (*grileiros*), large landowners who seek to expand their properties, especially for livestock. The second front is at the agricultural frontier, especially in Amazonia and the central-west region. These conflicts about control of land involve confrontation between peasants and a 'modern' type of *grileiros*: that is, modern agricultural and cattle-raising enterprises, which very often are favoured by the state with subsidies and fiscal incentives. Third, there is the struggle of the rubber-tappers in the state of Acre against the destruction of the rubber plantations by agricultural and livestock enterprises.

(b) Rural workers without land

The constitution of the rural workers without land as a new social group started in the early 1980s, in the south region of the country, culminating in 1984 in the foundation of the Movement of Landless Workers (MST). Having been excluded from the process of agricultural modernization the peasants have not been able to reproduce themselves as small producers either in their own regions or in the new frontiers areas, as their parents had done in the previous decades. The building of their social identity as workers (or peasants) 'without land' represents a political refusal to accept expropriation and further proletarianization. Such refusal is crucial in understanding the offensive character of their struggle strategies. Contrasting these with the legalist actions of 'traditional' trade unions, their strategy consists in occupying areas of the *latifundia*, especially the non-productive ones, making them productive and resisting ejection of the area by the landowner. Judicial actions are

complementary to their strategy. First, by 'occupying, resisting and producing', they seek to create an accomplished fact; then, by pressuring the state to expropriate the area that was not 'fulfilling its social function', they seek judicial legitimacy for their action (Grzybowski, 1987).

Within those movements which have the struggle for land as their main strategy, the MST is the one which presents the highest degree of internal organization. Having started in the south region it has spread to all states of the country.

(c) The struggle against the barrages

In the 1970s the state initiated a process of building large hydroelectric complexes in order to provide electrical energy for industries and urban centres. One of the effects of barrage building, which in some cases would also serve for irrigation purposes, is the displacement of entire populations, implying not only the loss of their homes, land and jobs but also in the rupture of a set of structured social relations. This socio-cultural aspect plays an important role in shaping the political movement of the victims of barrage building. Starting with a claim for a just monetary indemnification they very often end up with the claim for the resettlement of the whole community in another area, where they can find the conditions for restructuring their socio-cultural relations (Servolo de Medeiros, 1989:146).

(d) The struggle of indigenous groups

For the indigenous groups, land is the major factor of their social and cultural reproduction. In this sense the defence of their land also represents a struggle against the genocide, which characterizes all the processes of territorial occupation of the country, including the recent colonization of Amazonia. Besides the traditional latifundia and modern agricultural enterprises the indigenous groups have also been confronted with the posseiros and gold-seekers. Martins (1981:103) characterizes the conflicts between indigenous people and posseiros, a struggle between subalterns as he calls it, as one of the most absurd contradictions of capitalist expansion in Brazil. Such conflicts have very often resulted in the extinction of indigenous people. One of the most striking features of all land conflicts is the increasing degree of violence they embody. Resorting to violence, both by the state and large landowners, is not a new strategy in Brazilian history. What is new is that violence is increasingly taking on a selective and class-based character. It is the rural workers, and among them their leaders, who are the main victims. In the period from 1980 to 1985, 721 rural workers involved in conflicts over land were murdered (Grzybowski, 1987:15).

The 'wave' of strikes, initiated by the metalworkers in São Paulo in 1978, was soon to expand

to the countryside. In October of 1979 the wage workers of the sugar-cane plantations (*canavieiros*) in the state of Pernambuco, organized a strike in support of, amongst other things, wage increases and labour rights. This strike marks the emergence of a more combative phase for the rural wage workers, culminating in a solid process of rural trade unions organization.

Within the body of rural wage workers one can identify two major struggle fronts, reflecting different forms of organization. The first one is constituted by the *canavieiros* in the north-east, where rural wage labour relations are more traditional. Their struggle consists mainly of the defence of the rights of the so-called *trabalhadores fichados* (i.e., those who are legally registered) and in combating the irregular situation of the *trabalhadores clandestinos* (clandestine workers). What brings them together is their common struggle against the large farmers and the sugar-mill owners (see Grzybowski, 1987).

The second front consists of the wage labourers in the south-east of the country, where the most intensive process of agricultural modernization has taken place. As shown in Chapter 3, this process is characterized by an intensive mechanization, resulting in a combined process of displacement of the traditional labour force and increasing labour seasonality. For this reason, the rural proletariat in that region mainly consists of temporary wage labourers, landless people, or *boias-frias*, who are 'recruited' mainly in the shanty towns, specially for harvesting tasks.³ Situated between the countryside and the cities they are a 'new type of rural workers, symbol of the misery and the absence of rights, established by modernization in the countryside' (Feres, 1990:437).

III - Struggle against the subordination of labour by capital

This struggle front is constituted by the so-called *camponeses integrados* (integrated peasants). As was shown in the previous chapter, agricultural modernization operates through displacement and exclusion of part of the peasantry, transforming them into *boias-frias* and through integration and subordination of some peasants to the agro-industrial complex. The distinctive feature of this social group is their struggle against the exploitation and subordination embodied in the conditions of production and trading of their products. Their main demands concern prices and agricultural policies, confronting directly the agro-industries and the state.

4.1.4 Emergence of a new conception of trade union organizations

The importance of these movements lies not only in the fact that they have challenged the policies of the regime, but also because they represent the emergence of a new generation of trade union

activities, expressing a new conception of trade union organization in opposition to the official trade union structure (which was inherited from the dictatorial regime of 1930). Besides the challenge of organizing and unifying different social groups at a national level, therefore, the trade union movement was faced with the task of unifying different ideological positions.

The attempt to organize a unified trade union confederation culminated in the I CONCLAT (National Conference of the Working Class), which took place in 1981 and included urban and rural workers from all over the country, drawn from different political and ideological forces. At this conference it became clear that the ideological differences, concerning forms of organizations as well as political strategies to be adopted by the movement, were too disparate for a consensus to be achieved. Expressing the ideological and political division of the movement, two central organizations were created for the trade unions in the early 1980s. The authentic leftist activists, who advocated the rupture with the official trade union structure, founded the Central Workers' Union (CUT), bringing together urban and rural workers. Those considered 'traditional', advocating the reorganization of the trade union movement within the official structure, founded the General Confederation of Workers (CGT). In ideological terms, the CUT is identified with the strategy of the Workers Party (PT), while the CGT is identified with the Communist Party and sectors of the PMDS.

4.1.5 The birth of the 'New Republic'

After the congressional and state governmental election of 1982, which was won by the opposition, attention turned to the next presidential election, which had been carried out indirectly, through the National Congress since 1964. The opposition parties began a national campaign for a direct election, becoming the largest political mass movement Brazil had ever known. Despite popular consensus in favour of a direct presidential election, the proposal did not get the necessary two-thirds of congressional votes. Most conservative forces found it too risky to make the transition to democracy through direct election. The transitional government would still be elected under their control.

Thus, in January of 1984 the Brazilian National Congress elected the first civilian president since the military coup of 1964. The exclusion of the popular masses in the indirect and elitist presidential election of 1984, after 20 years of dictatorship, was no deviation from the Brazilian political tradition. As with Brazilian political independence from Portugal in 1822, the abolition of slavery in 1888, the proclamation of the Republic in 1889, the so-called 1930 Revolution and the military coup in 1964; the indirect election of the first civilian president, which was supposed to consolidate the transition to democracy, confirms the Brazilian political tradition which is based on

continuities and pacts among the élites rather than on ruptures and open conflicts (Sader, 1991:17).

The ability of the Brazilian élites to bring about 'changes' without challenging the *status quo* is well illustrated by the process of selection of the opposing candidates. Feeling that the military regime had its days numbered, many of the regime's supporters abandoned the PDS, the military's own party, and founded the Liberal Party (PFL). Some days later, they allied themselves with the PMDB and created the 'Democratic Alliance' and selected their presidential candidates. Tancredo Neves, representative of the moderate sectors of the PMDB, was chosen as presidential candidate and José Sarney, the former head of the PDS and one of the main founders of the PFL, was named as vice-presidential candidate.

Despite the indirect character of the presidential election, the Democratic Alliance campaigned as if they were competing for the popular vote. Mass demonstrations and political rallies were organized all over the country, seeking popular legitimacy for the 'indirect' candidates. A wide coalition was formed against the PDS' candidate and Tancredo won the indirect election. The only party which did not participate in the election was the PT, since it considered the Electoral College 'an authoritarian tool to head off a popular vote and, hence, spurious and illegitimate' (Sader, 1991:26).

The outcome of such a broad ideological coalition was the constitution of a quite ambiguous government. The Democratic Alliance Government, dubbed by its members as the 'New Republic', combined politicians who traditionally fought the military regime with those who had supported it until a few weeks earlier. But one incident was to change the fate of the elected government. A few days before the presidential inauguration Tancredo fell ill and died two months later. In an ironic twist of fate, the first civilian president since the 1964 coup was José Sarney — the former head of the party representing the military.

4.2 The 'New Republic' and the old agrarian question

Since the national campaign for direct presidential elections, Brazil has experienced an intensive process of mass mobilization. Due to the active participation of the most progressive sectors of society (some left-wing politicians, trade unions, etc.), these events gained a political meaning which went beyond the demand for changes in the process of presidential election. Demands for socio-economic changes (wage increase, agrarian reform, etc.) were incorporated into the campaign, revealing in advance what was to be expected from a president elected by popular vote. The proposal for direct election was defeated but the opposition candidate, in order to get popular legitimacy, had to incorporate demands for social changes in his electoral discourse.

It is within this political climate that agrarian reform re-emerged as one of the central points in the governmental plan of the 'New Republic'. The government created, to deal exclusively with the agrarian question, the Ministry of Agrarian Reform and Development (MIRAD), which incorporated the already existing Institute of Colonization and Agrarian Reform (INCRA). In April of 1985 the MIRAD/INCRA set up 17 working groups to formulate a 'proposal' for a plan of agrarian reform. The outcome of those works was the elaboration of a document known as Proposal for the First National Agrarian Reform Plan (PNRA), which was officially announced in May 1985 in the IV National Congress of Rural Workers, organized by CONTAG.

According to MIRAD/INCRA the general objective of the Plan was the progressive elimination of both latifundia and minifundia, ensuring a property regime which would fulfil the principles of social justice and productivity increases. The specific objectives were: a) to achieve an increase in the supply of food and raw materials for the domestic market; b) to bring about the creation of new jobs in the rural areas in order to expand the internal market and diminish the under-utilization of the labour force; and c) to slow down the rural exodus, alleviating population pressure in the urban areas (MIRAD, 1985:85).

The potential beneficiaries of reform would be 7.1 million poor cultivators with insufficient or no land, to be resettled within 15 years. In the first five years the resettlement of 1.4 million rural workers was anticipated. The amount of land needed for accommodation of 7.1 million beneficiaries was estimated at 481.2 million hectares, of which 409.1 million hectares would become available from the non-productive latifundia and 71.1 million from public land (ibid, 78). The PNRA also included a set of supporting measures such as special credits and co-operative organizations.

The proposal of MIRAD/INCRA took as its legal basis the 1964 Land Statute which refers to the implementation of agrarian reform. The Land Statute established the possibility that land expropriation could occur where it was in the social interest, to be compensated for in TDA (Agrarian Debts Bonds). However land expropriation was seen as a corrective measure, as an exception, while colonization and taxation were considered as the main instruments of land reform. The main novelty of the PNRA was the choice of expropriation, in the social interest, as the main instrument of reform (Graziano, 1985:76).

Just after the launch of the Proposal of the PNRA, in May 1985, the right-wing forces began a process of mobilization against it. As the government of the New Republic was more sensitive to the pressures from the conservatives than to the sectors committed to reform, the PNRA was redrafted twelve times. In October of 1985 the final version of the Plan was sanctioned, a delay which represented a victory for the anti-reform forces, (see Hall, 1990:219). The contrasting differences between the Proposal of May and the final version of October are as follows. In the initial proposal

of the PNRA, the social function of landownership was subordinated to social justice concerns and agrarian reform was seen as a precondition for the consolidation of democracy and as an instrument to ensure social justice. In the final version of October, the social function of landownership is exclusively related to productivity. In the Proposal of May, agrarian reform is the main point and agricultural policy is seen as a complementary issue, while in the Plan of October agricultural policy is the main point.

The PNRA of October effectively represents a step backwards in relation to the Land Statute of 1964. In the latter, the term *latifundia* means non-cultivated land and land cultivated below the average productivity of the region, implying that the whole area could be expropriated. Under the terms of the PNRA only the non-cultivated area of the *latifundia* can be expropriated.

Regarding the implementation of agrarian reform, instead of 7.1 million being resettled over 15 years the final version of the PNRA requires that only 1,4 million be resettled over 4 years. Even this modest goal has not yet been achieved, and the implementation of the PNRA has not had a significant effect (see IBASE, 1986).

4.3 Overcoming the crisis: a matter of economic growth or redistribution

The 1980s has been referred to as the 'lost decade' in Latin American countries. Such a striking characterization of the region's economy is based on dramatic figures: in the years from 1981 to 1989 the GNP per capita had a negative yearly growth rate, averaging -8.3 per cent for the region as a whole, and -0.4 per cent in the case of Brazil (Weffort, 1991:14). Such a poor economic performance contrasts not only with the past three decades in Latin America, but is thrown into relief by the performance of the newly industrializing countries in Asia, particularly South Korea, Hong Kong, Singapore and Taiwan. Those countries grew at an average rate of 5 per cent annually (Cardoso, 1992:09).

The neo-liberal discourse of some Brazilian politicians has attributed the success of the NICs of Asia to the openness and export-oriented character of their economies. In contrast they cite the failure of Latin American countries to recover from the mistakes of the import substitution strategy, based on state protection of industries and barriers to international trade, which had been pursued in previous decades. Liberalizing policies are, therefore, recommended in order to overcome the crisis and to promote the recovery of economic growth in Latin American countries.

The comparison of these two regions in the terms suggested by the neo-liberals is misleading for two reasons. First, as Bagchi pointed out in his analysis of the process of industrialization in South Korea, rapid economic growth took place under strong state intervention through bank loans

and foreign exchange loans, keeping the real rate of interest negative (1987:37). Although it is true that even during the 1950s the policy of the South Korean government had already encouraged exports, it is also true that coupled with such policy was, by means of protective tariffs, a secondary policy of promoting 'industries which would replace imports' (ibid, 37). In short, the NICs of Asia, particularly South Korea, have also passed through a process of protective import substitution industrialization and, moreover, the 'visible hand of state intervention' behind economic growth in these countries offsets any attempt to cite them as examples of development based on market forces (Saith, 1990:206).

Second, the comparison made by the neo-liberals based exclusively on figures of economic growth omits the most striking feature of these two contrasting paths of development, namely the distribution of the benefits of economic growth. The most salient aspect in the comparison, for instance, between Brazil and Korea is that although both countries can be regarded as having undergone a successful process of industrialization only Korea can be regarded as being successful in eliminating rural poverty. The contrasting figures of poverty incidence in these countries cannot be attributed to different rates of economic growth, because the incidence of poverty remained high even when Brazil achieved high rates of growth. In the 1970s, considered to be the period of the Brazilian 'economic miracle', the GNP grew at an annual rate of 8.4 per cent while Korea grew at 9.5 per cent. Any similarity between the two countries disappears when the incidence of rural poverty is compared. In the period 1975-80 11 per cent of the rural population of Korea were classified as poor, in Brazil the figure was 73 per cent and while the rural poor constituted only 4 per cent of the total population of Korea, they accounted for 23 per cent of the Brazilian population (Saith, 1990:201/202).

The most important lesson that can be drawn from this comparison is that economic (or industrial) growth by itself cannot solve the problem of rural poverty. Certainly the nature of industrial technology played an important role regarding the effectiveness of the trickle-down effect through absorption of the rural population. It is widely known that Brazil adopted capital-intensive technologies while Korea adopted labour-intensive technologies (Adelman, 1975). Undoubtedly, however, even when taking the technology issue into account, in the Korean case 'the reduction in rural poverty cannot be attributed exclusively to the labour-suction effect; direct policies of rural development have made a significant impact in terms of the redressal of rural poverty' (Saith, 1990:201).

Actually it is very unlikely that the labour-suction effect would have worked if the process of industrialization had not been preceded by a policy of assets distribution, including land. Here lies another striking difference between the development experiences of Brazil and Korea: while the

former opted first for growth and later for redistribution, the latter adopted the strategy of distribution before growth (Adelman, 1975:75).⁴ There is now wide documentation of the positive impact of land reform on the successful process of industrialization and poverty alleviation in the NICs of Asia, particularly Korea (Bagchi, 1987; Veiga, 1991). It is also well known that the highly-concentrated agrarian structure, coupled with a labour-displacing technology, has had disastrous consequences as far as rural poverty alleviation in Brazil is concerned.

CHAPTER FIVE

THE BRAZILIAN DEBATE ON THE AGRARIAN QUESTION AND AGRARIAN REFORM

5.1 The developmentalist programme of agrarian reform

As has been mentioned in Chapter 2, the analysis based on the dualist ECLA model of analysis characterized the situation of the Brazilian countryside in the late 1950s and early 1960s as feudal, and implied, therefore, constraints to capitalist development. The main point of this argument is that the agricultural sector, remaining backward and feudal, had not kept pace with the development of the industrial sector, which had passed through a rapid process of modernization. Why was such 'duality' of Brazilian society dysfunctional to capitalist development? The extremely concentrated agrarian structure (i.e. the predominance of the latifundia-minifundia complex) limited industrial growth to the extent that (1) it was incapable of responding by supplying cheap food and raw material to the industrial-urban sector and (2) given the low income level of the rural population, tied by traditional labour relations with a low degree of 'monetarization', it restrained the internal market.

Thus, agrarian reform in the developmentalist project was seen as the road to tailor the agricultural sector to the requirements of industrial growth. The removal of 'feudal' relations in the countryside was regarded as a precondition for transition to an 'endogenous' model of growth as the ISI phase had already been exhausted. Since it was regarded as a condition for capitalist development, the leftist forces, especially the Brazilian Communist Party (PCB), counted on the political support of the so-called progressive sectors of the Brazilian bourgeoisie for the implementation of agrarian reform. The policies adopted after 1964 proved that neither was agrarian reform needed for capitalist development nor was the bourgeoisie progressive enough to support such structural changes. Not only the landed élites but also the 'modern' industrial bourgeoisie backed the 1964 military coup.

5.2 Criticism of the dualist model and of the developmentalist programme of agrarian reform

It is important to bear in mind that the controversy regarding the characterization of the social relations in the Brazilian countryside was not merely an intellectual or academic debate. Rather, it was above all a political debate. The dispute over the characterization of the countryside as feudal or capitalist was closely related to the definition of the 'stage of Brazilian revolution', in general, and of the character of agrarian reform, in particular (see Novaes, 1991).

The criticism of the dualist or feudal thesis is the main characteristic of the theoretical

debate of the late 1960s and 1970s. The rejection of the characterization of the countryside as predominantly feudal would also contribute to the formulation of a strong criticism of the developmentalist programme of agrarian reform.

The first strong criticism came with the work of Caio Prado Junior, especially in his 'Brazilian Revolution' published in the mid-1960s. Focusing his analysis on the relations of *parceria* (sharecropping) he argued that this particular type of labour relations, contrary to what was commonly believed, did not resemble feudal or semi-feudal relations. On the contrary, Prado Junior argued, the particular type of *parceria* found in the Brazilian countryside was more similar to relations of wage labour. The fact that the payment was not very often made in cash but in a mixed form, combining payment in kind, concession to the labourer of the right to a plot of land to grow foodcrops, etc., did not diminish the capitalist character of such relations. (Wanderley, 1981:02). Turning the feudalist thesis upside-down, Prado Junior pointed out that it was not the labourer who paid a rent to the landlord for the right to use his land but it was the landlord who paid, under the form of concession of land use right, for the utilization of the labour force (ibid, 03).

Despite being criticised for having dissolved all the particularities of the labour relations into the capitalist relations of production, and for having neglected to recognise the importance of family farm forms of production, Prado Junior's anti-feudalist thesis became an obligatory reference for subsequent studies.

In attempting to give due consideration to the particularities of the relations of production in the countryside, the 'combination of modes of production' thesis has been formulated. Moacir Palmeira, one of the most influential proponents of this theoretical formulation, has identified the 'plantation system' as a particular type of economic unit, quite distinct from either the capitalist or feudal mode of production (ibid, 8). Nevertheless, Palmeira has made clear that the 'plantation system' was not a mode of production having the same status as the others, but was rather 'dependent in its (logical) origin on another mode of production: the capitalist mode. That is, it does not exist except to the extent that the capitalist mode of production exists'. (cited by Wanderley, 1981:09).

However, the main attack on the feudalist thesis came from Oliveira (1972). Dismissing the predominance or even the existence of feudal relations in the countryside he argued that, since Brazilian society was a capitalist one, the explanation for the complexity of social relations should be sought in the dynamic of the process of capital accumulation. Thus, the existence of so-called 'primitive' agriculture was not reminiscent of feudal relations but of non-capitalist relations of production, produced and reproduced by the very dynamic of capital accumulation. In opposition to the ECLA's stagnationist thesis, Oliveira argues that far from being a source of stagnation non-capitalist relations have 'contributed decisively towards the consolidation of an urban industrial pattern

of accumulation by generating marketed food surpluses, thereby offsetting long-term tendencies for the terms of trade to move against industry' (ibid, 52). Focusing his analysis on agriculture-industry relations, Oliveira provides a dialectic, not dualist, view of such relations. It is this dynamic agriculture-industry integration that makes the horizontal expansion of agriculture with low levels of capitalization, by incorporating new frontier areas. The reproduction of non-capitalist relations of production in the frontier areas, given the itinerant character of peasant settlement, 'ensures the flexibility of agricultural supply for it constantly recreates conditions for permanent primitive accumulation' (ibid, 52).

Working also with the concept of capitalist reproduction of non-capitalist relations of production, Martins (1982) developed the concepts of 'capitalist farm' (*terra de negocio*) and 'labour farm' (*terra de trabalho*). Martins shows that there are two different and conflicting types of land ownership in Brazil: capitalist land ownership, which has the function of ensuring capital the right to exploit labour; and on the other hand regimes of landownership which have been attacked by capital, that is, (1) family landownership, exemplified by the peasant in the south of the country, (2) communal landownership of the indigenous people and (3) the regime of *posse* (small holdings) characteristic of the Amazon region. It is the very process of capital accumulation, characterized by the combined process of expropriation and exploitation of the peasantry, which brings these two landownership regimes into a permanent conflict. The capitalist expansion in the countryside operated first, by the expropriation of the peasantry, carried out not only by the traditional *latifundario* but above all by 'the large modern capitalist enterprise, national and multinational, with large financial incentives from the state' (ibid, 54). This process of expropriation destroys the peasants regime of landownership, creating the condition for the second phase of capitalist reproduction, the exploitation of labour through the implantation of the capitalist landownership regime. The struggle of the peasants for land is, therefore, a struggle against the capitalist landownership regime: 'the labour farm against the capitalist farm' (ibid, 61).

Because of its emphasis on the progressive, or even revolutionary, character of the struggle for land in Brazil, Martin's theoretical formulations had a considerable influence both in theoretical and in practical terms. Through its adoption by the progressive sectors of the Catholic church, Martins' distinction between 'capitalist farm' and 'labour farm' would also act as a theoretical support for the struggle of the peasants - especially the struggle of the peasants and indigenous people in the Amazon region against the colonization programmes - supplying them either in acquiring a plot of land or in resisting the process of expropriation (Feres, 1990:431).

Graziano (1978) also working with the concept of capitalist reproduction of non-capitalist relations, attributes the persistence of non-capitalist relations (peasant farms) to the weakness of

capitalist development in the rural area. Working with data from the 1970 Census, he stressed the predominant role of peasant farms regarding the production of foodstuffs. This is explained by (1) the low profitability of food crops which makes them unattractive for capitalist farms and (2) the high productivity of small (peasant) farms, since they make a more intensive use of the production factors, especially labour. Graziano criticized the economicism of the developmentalist programme of agrarian reform and argues for its political and anti-capitalist character (his position would later be reformulated, see section 5.4 of the next chapter).

5.3 The capitalism v. feudalism debate and the formulation of an alternative programme of agrarian reform

One of the common features of the vast and diverse literature on the agrarian question in the 1970s and 1980s is the assumption of the capitalist character of social relations of production in the countryside. The major challenge faced by those concerned with the issue was to provide a theoretical body capable of explaining the complexity of the socio, economic and political relations which emerged with the rapid process of capitalist development in the countryside. Such theoretical production contributed not only to widening academic knowledge on this subject but it also contributed decisively to the formulation of a political criticism of the perverse and exclusive nature of the rural development strategies of the military regime. This is a point I wish to emphasize. Despite having contributed to the undermining of the theoretical foundation of the developmentalist project of agrarian reform and having contributed to the formulation of a strong criticism of the agrarian reform programme itself, these theoretical analyses did not lead to the formulation of an alternative.

The rural trade unions, led by the CONTAG, at least up to the IV Congress in 1979 were characterized by an 'inward-looking policy' and by the legalistic character of the claims for the implementation of *Estatuto da Terra* (the Land Statute) (Goodman, 1989). The creation of the CUT and the MST represented (1) an important step towards the rupture with the traditional trade union structure, to which the CONTAG and the other trade union confederations belonged and (2) a decisive contribution to the strengthening of the struggle for land. However, despite that, the struggle for agrarian reform is still characterized by a discourse based on a general demand for reform of the agrarian structure. In short, despite all theoretical, political and organizational advances there is still a lack of a solid, alternative project of agrarian reform capable of breaking away from the traditional (developmentalist) project and at the same time serving as a common reference for rural workers.

5.4 The emergence of the socio-political agrarian reform thesis

The emergence of agrarian reform as a policy issue during the launch of the First Proposal of PNRA, in the IV Congress of Rural Workers organized by CONTAG, provided for those involved in the struggle for agrarian reform the challenge of discussing the issue in a more concrete way.

The trajectory of agrarian reform in the New Republic — from the initial hope experienced at the launch of the First Proposal of PNRA, passing through its reformulation and the frustrations of implementation, through to the retrogression represented by the 1987 Constitution — brought about new elements concerning organizational and struggle strategies for agrarian reform and concerning the very significance of the programme in contemporary Brazil.

It was in the context of the debate about the First Proposal of PNRA of the New Republic that, for the first time, the argument for a 'social' agrarian reform arose, emphasizing its political and social aspects rather than the economic one. That thesis of agrarian reform as a social policy, as well as the reactions to it, are based on a certain evaluation of the role of peasant farms within a context where capitalist agriculture is dominant.⁵

In the arguments which emphasize the social impacts of agrarian reform, concern remains about dismissing the economicism of the developmentalist project. At the same time, there is concern about its political significance. Agrarian reform continues to be seen as a precondition for the real democratization of Brazilian society. As Graziano pointed out, 'before solving the "problem of rice and beans" we need to decide whether the millions of Brazilian rural workers have or do not have the right to be citizens' (Graziano, 1985). On the other hand, agrarian reform is no longer seen to be necessarily in conflict with capitalist development, since there was a concrete possibility of its implementation under the conservative government of the New Republic.

Graziano da Silva, one of the most influential proponents of this thesis, in a book entitled 'Para Entendes O Plano Nacional de Reforma Agraria' (To understand the National Plan of Agrarian Reform) (1985), argues that in the Brazil of the 1980s, land reform was justified as a 'social policy...regardless of its productive impact' (ibid, 33). In order to support his arguments Graziano makes a distinction between the agricultural and agrarian crisis of the late 1950s and the crisis of the 1980s. In the late 1950s there was an insufficient supply of food and raw materials as well as an excess of people in the countryside. In the 1980s the crisis presents contrary signals, with an excess of people in the urban centres and, although there are hungry people, there is relative over-production of food and raw materials (ibid, 33). In other words, in the 1980s there is a demand or consumption crisis rather than a supply or production crisis.

Such a situation has generated a vicious circle: excess of productive capacity on the one hand

and a population marginalized from the consumer market on the other. In order to break this vicious circle, Graziano argues for the necessity of implementing, in the rural sector, a Keynesian-like social policy of public expenditure, generating employment and redistributing incomes. The only way of ensuring that this policy of public investments will not end up benefitting the large landowners, instead of the poor, is through an agrarian reform programme (ibid, 34). Here lies the social significance of agrarian reform: generate employment in the countryside and stop the rural exodus. Graziano draws attention to the fact that twenty years ago, there was process of proletarianization, that is, the population expelled from the countryside to the cities was able to find an industrial job. Now, the rural workers expelled from the countryside will inhabit the *favelas* (shanty towns) and probably will either starve to death, become pickpockets, engage in other crimes or become prostitutes. Rather than proletarianization, what we have witnessed today is a process of *favelization* (ibid, 37). Graziano concludes, therefore, that the main ambition of agrarian reform in Brazil should be to stop that process and 'provide the rural workers conditions of being "people", of being Brazilian citizens' (ibid, 37).

Graziano further developed those arguments in a work entitled *Mas, qual reforma agraria?* (But, which agrarian reform?), first published in 1987.⁶ Two inter-related arguments are presented in order to justify his scepticism towards the productive impact of agrarian reform and support the emphasis on its social dimension: the advantages of large-scale production in agriculture and the decreasing importance of peasants both as suppliers of food and raw material and as a labour reserve for the capitalist farms.

Analysing the 1960s and 1970s debate on the role of peasant farms, Graziano points to the mistakes of the theses which argued for greater efficiency of small-scale production and for the functionality of peasant farms for capital accumulation. He relates this discussion, on the issue of scale in agriculture to the priority given by the 1964 Land Statute, to family farms as the main form of landownership to be benefited in a process of land redistribution. According to him the choice of the family farm as a model is explained by the influence of the 'myth of the North American family farms', introduced in the Land Statute under the influence of the Alliance for Progress. Such a myth, Graziano contends, was cultivated in the US for political reasons, the small farms being the political base of the industrial bourgeoisie of the north in the struggle against the south, rather than for economic reasons (1991: 07). From an economic point of view, however, there is no reason to believe in the superiority of small scale farms, on the contrary 'there are inherent advantages in the capitalist system derived from production on a larger scale' (ibid, 7/8). Such advantages are expressed, on the one hand, by the greater availability of technological alternatives to the large producers and, on the other hand, by their bargaining power in the market place (ibid, 7).

Graziano's criticisms of the thesis of the functionality of peasant farms, is also a self-criticism. He had himself been one of the advocates of this thesis at an earlier stage. Referring back to his early ideas on this issue, Graziano points out that it was believed that the persistence of non-capitalist forms of production was a condition for rapid capital accumulation in the capitalist sector. By believing that the non-capitalist sector allowed a continuous process of primitive accumulation 'we had, actually, created a "perpetual motto" for capitalist development'. The biggest mistake of that thesis, he argues, was to confuse the possibility of the reproduction of non-capitalist forms of production with its necessity for capitalist development. In other words, the fact that the peasantry may reproduce itself under capitalism does not mean that it plays a crucial role in the process of capital accumulation (ibid, 08).

In support of the argument of the loss of functionality of peasant farms, Graziano, working with data from 1970 and 1980, analyses the changes in the role traditionally played by peasant farms, namely the supply of food and raw material as well as the supply of labour to capitalist farms. His findings are summarised below.

The importance of peasant farms has decreased with regard to total agricultural production. In 1970, farms of less than 50 ha. were responsible for 47.7 per cent of the total value of agricultural production, decreasing to 39.6 per cent in 1980. The same holds true for the physical production of eight selected crops: coffee, beans, cassava, wheat, rice, sugar-cane, maize and soya beans. Farms of less than 50 ha. present a decreasing share regarding all those products, although they continue to be important suppliers of three basic products: beans, cassava and maize. Their share of total production of those crops is, respectively, 66.2 per cent, 77.9 per cent and 55.8 per cent. Graziano concludes by stating that 'although the productive role of the peasant farms cannot be denied, one cannot overestimate it' (ibid, 09).⁷

There has been also a rapid decrease in the importance of peasant farms as suppliers of labour to capitalist farms. Although two-thirds of rural occupation corresponded to the family labour force in 1980, there was a quite significant increase in the capitalist jobs (temporary and permanent wage labour). In 1970, 23 per cent of the total rural labour force was constituted by wage labourers, in 1980 they constituted 35 per cent of total rural labour force (ibid, 09). Although an important part of the temporary wage labour sector is still constituted by poor peasants, the dominant trend is the recruitment of temporary wage labourers in the periphery of the big cities.

Based on such an evaluation of the decreasing economic role of the peasantry, Graziano emphasises that agrarian reform as social policy is more applicable to the Brazilian case. In his own words 'agrarian reform is a policy instrument that, depending on the circumstances, may have a productive or a social dimension. In Brazil nowadays, it fits better in a logic of a social policy, since

the problem of production and productivity has been solved by means of adequate agricultural policies for the capitalist sector' (ibid, 12).

5.5 Criticisms of the socio-political agrarian reform thesis

As has been analysed in the previous section, the emphasis on the social dimension of agrarian reform has, as one of its theoretical bases, the evaluation of the issue of scale and of the role of peasant farms in Brazilian agriculture. For this reason, criticisms of the AR thesis also embody a critical evaluation of its theoretical basis.

However, what is not disputed is the fact that the process of agricultural modernization has taken place through the strengthening of large-scale production, by prioritization of the agro-industrial complex, and by weakening the small-scale peasant farms. What has been questioned is that this pattern of agricultural modernization should have been taken as an inevitability, as a *fait accompli*. Similarly, criticisms of the socio-political thesis do not aim at denying the social and political aspects of agrarian reform. What has been disputed is the secondary treatment of its economic impact. The negligence of the economic aspect of agrarian reform is seen as the expression of a pessimistic and prejudiced view of the opportunities available to the peasantry and as an acceptance of the present pattern of agricultural development (see D'Incao, 1987; Martine, 1991).

According to Martine (1991), the second half of the 1980s was characterized by the strengthening of the positions of those who defended the intensification of agricultural modernization by reinforcing the role of entrepreneurial agriculture. Their position, consolidated in the 1987 Constitution, has been reinforced by the relatively good performance of the agricultural commercial sector in the 1980s. What, though, has been the reaction of those historically committed to the defence of agrarian reform, as a means of strengthening peasant agriculture? For Martine such reaction has been characterized by submission to the 'apparent power (force) of the events'. In concrete terms, this submission is translated into a programme of agrarian reform which does not specifically aim at the reorganization of the agricultural pattern of production, that is, agrarian reform is seen as a mere compensatory social policy (ibid, 07).

Martine calls attention to the fact that the analysis which emphasizes the advantages of the modern large-scale agriculture, focusing on the relationship of production, productivity and scale without considering its political and social impacts, ends up by reinforcing the ideological position of the conservative sectors. In other words it ends up by endorsing the positions which emphasize 'the new, entrepreneurial and big at the expense of the backward, unproductive and small' (ibid, 18).

With regard to the issue of scale in agriculture, Martine argues that the supposed superiority

of large-scale farms is related to the cases of soya bean and sugar-cane. In the case of these crops, it should be taken into account that they are located on better quality land, they face favourable internal and external conditions and moreover they are heavily subsidized. The supposed efficiency of capitalist agricultural enterprises is actually the result of their power in obtaining public resources from the state, that is, their efficiency is political rather than economic. Therefore those conditions distort the evaluation of the advantages of scale in Brazilian agriculture (ibid, 20).

Even if we recognize that there are advantages in large-scale production, however, this does not allow us to conclude that: (1) large is better in all sectors and situations; (2) large farms in Brazil necessarily produce according to the capitalist logic of production and (3) the small, non-integrated and informal should disappear (ibid, 20). While it is true that large-scale production is economically significant, it is also true that many of those involved in this type of agriculture only use the land as a means of obtaining subsidized resources from the state and/or for speculative purposes. Moreover, despite the bias against small farms, they still carry a significant economic weight within the agricultural sector. Those farms of less than 50 ha., occupying only 12.6 per cent of the total area, still contributed almost 40 per cent of the value of the total production in 1980 (ibid, 21).

It is worthwhile noting that although Martine works with the same data as Graziano, he interprets them differently. As Graziano argues for the superiority of large-scale farms, he emphasizes the decreasing trends of peasant participation in the total production value (47.7 per cent in 1970 and 39.6 per cent in 1980). Martine uses the same figures to show that, despite the bias against peasant farms, their contribution to agricultural production is still quite significant in the 1980s. To reinforce the idea of importance of the peasant farms, and again using the same data used by Graziano, Martine shows that the farms with less than 50 ha., occupying only 12.6 per cent of the total area, are responsible for the employment of 69 per cent of the total rural labour force (ibid, 22).

Certain factors explain the persistence as well as the importance of the small-scale agricultural production. First, small-scale production makes a more intensive use of production factors such as land and labour. Despite the fact that the intensive use of family labour is not considered to be a positive social factor, since it implies exploitation of family labour, Martine considers that it is one of the factors which accounts for the persistence of the family farms, even in more industrialized countries. One has to add, however, that there are some crops and certain regions where small-scale production presents comparative advantages, such as where either the topography makes mechanization difficult or, due to the peculiarity of a crop, a more intensive use of labour is required (ibid, 22).

Regarding the future of the peasant farms, Martine argues that it is still possible to conceive an 'alternative arrangement of the productive structure that makes a good use of the comparative

advantages of the family farms' (ibid, 23).

5.6 Recent changes in agriculture, the fate of the peasants and the significance of agrarian reform

As mentioned above, the discussion on the role of peasantry and on the character of agrarian reform has been limited to analysis of data from 1970 and 1980. Despite the fact that Martine (1991), in the same work that has been analysed, presents more recent data from the 1985 Census, I have deliberately limited the discussion on the two theoretical positions to the set of data (1970 and 1980) that is presented by both authors. In doing so, the intention was to show that the authors I have selected as representatives of different views regarding the significance of agrarian reform, namely Graziano and Martine, reach different conclusions, even when analysing the same set of data.

I will now proceed by discussing the recent changes concerning agrarian structure and agricultural production patterns, using data from the last agricultural census of 1985. At first I will present the set of data which is analysed by Martine. As those data concern only changes in the agrarian structure, I will add data concerning changes in the structure of agricultural production. After that I will evaluate to what extent such changes as occurred in the first half of the 1980s can highlight the debate on the role of peasantry and, therefore, on the significance of agrarian reform.

The data presented by Martine (1991) shows that there was an increase in the number of small farms in the first half of the 1980s. The number of establishments with less than 10 ha. increased at an average rate of 18.8 per cent a year, rising from 2.6 to 3.1 million. However, their participation in the total area increased by only 0.2 per cent which meant that the average area was reduced, causing an authentic process of 'minifundization'.⁸ Such changes had an influence on the structure of rural employment. The establishments with less than 100 ha. were responsible for almost 90 per cent of new jobs in 1985; the percentage of people working on farms of less than 10 ha. increased from 37.4 to 40 per cent (ibid, 12/13).

The reasons for this partial reversal of landownership concentration must be found in the impact of the economic crisis. Translated into a reduction of credit, less readily available subsidies and market retraction, the crisis led to the agricultural sector becoming relatively less attractive, both as a productive activity and as a speculative one. According to Martine that fact contributed to the growth of certain social groups who 'apparently were walking towards extinction: squatters, sharecroppers and small farmers' (ibid, 14).

Martine argues that such changes do not alter the traditional pattern of Brazilian agrarian structure. Yet they do indicate that, even in times of crisis, the peasantry can play an important social role.

The first half of the 1980s also presented some changes regarding the participation of small farms in total agricultural production. Table 5 presents data on physical agricultural production according to the size of farm establishments in 1970, 1980 and 1985. It can be seen that in the 1980s there was a reversion of the decreasing tendency of the participation of the smaller establishments in total production. The share of those establishments with less than 10 ha. increased in all the selected crops, apart from soya beans. If we consider the share of the establishments with less than 50 ha. there was also an increase, with the exceptions of soya beans and cassava. Small farms are still mainly responsible for the production of certain domestic crops: 66.1 per cent of the total production of beans; 57.4 per cent of maize and, despite the decreasing tendency, they still contribute 73.8 per cent of the total cassava production.

It is worth noting that there is an increased tendency for larger farm establishments to take part in the production of crops like sugar-cane and soya beans. These are crops linked to the agro-industrial complex and to exports and are usually the most profitable ones. As can be seen in Table 6 such a tendency is reflected in the participation of the establishments in the total value of agricultural production. Despite the trend of increasing participation by smaller establishments in the total physical production, their importance continues to decrease when the total value of production is considered (see Reydon, 1992: 38).

Table 5

Distribution of Physical Productions of Selected Crops according to size of Farms Establishments
Brazil - 1970, 1980 and 1985 (%)

Crops	Less than 10			10 - 15 ha.			50 - 100 ha.			100 ha. and over		
	1970	1980	1985	1970	1980	1985	1970	1980	1985	1970	1980	1985
Rice	19.5	13.3	16.0	23.8	14.5	17.9	11.5	9.3	11.2	45.2	62.9	54.9
Coffee	9.6	9.9	12.4	29.5	30.4	32.8	14.3	14.9	15.3	46.6	44.8	39.5
Sugar-cane	4.2	1.8	2.5	11.7	7.8	9.1	6.7	5.7	6.4	77.4	84.7	82.0
Beans	32.8	26.9	26.6	40.4	39.3	36.5	10.0	12.4	12.4	16.8	21.4	21.5
Cassava	34.8	37.9	38.2	44.0	40.0	35.6	9.6	9.5	10.3	11.9	12.6	15.9
Maize	19.9	14.8	21.7	44.3	41.0	35.7	11.3	12.3	12.1	24.5	31.9	30.5
Soya beans	14.5	4.0	3.9	46.3	29.3	24.2	8.9	12.9	10.7	30.3	53.8	61.2
Wheat	5.6	2.1	3.1	31.2	29.3	33.1	12.7	15.5	17.0	50.5	53.1	46.8

Source: Reydon, B.P., 'A Questão Agrária e a Reforma Agrária no Brasil em um Contexto de Crise Econômica', ABRA/MOLISV, Campinas, 1992:18. Using data from agricultural censuses.

Table 6

**Share of agricultural establishments in the total value of production
Brazil 1970, 1980 and 1985 (%)**

Size of Farm Establishment (hectares)	Number of Farm Establishments			Total Area			% Value of Production		
	1970	1980	1985	1970	1980	1985	1970	1980	1985
Less than 10	51.4	50.4	53.0	3.1	2.5	2.7	17.8	13.0	11.8
10-50	32.5	31.6	29.7	12.3	10.1	10.5	29.9	26.6	25.1
50-100	7.0	7.6	7.5	8.1	7.5	8.0	10.2	11.1	11.3
100 and over	9.2	10.4	9.8	76.5	79.9	78.8	42.2	49.4	51.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Reydon, B.P., 'A Questão Agrária e a Reforma Agrária no Brasil em um Contexto de Crise Econômica', ABRA/MOLISV, Campinas, 1992:38. Using data from agricultural censuses.

What influence may the changes, which occurred in the first half of the 1980s, have on the debate about the role of the peasantry and, therefore, about the significance of agrarian reform?

First of all, it is evident that there is no clear trend indicating that the peasantry is disappearing, as has been suggested by Graziano. Recent agricultural development shows that, although the capitalist farms are expanding their participation in the national economy, this has not meant the elimination of peasant farms. On the contrary, depending on the trends of the national economy, they may widen their participation in agricultural production, as happened during the crisis of the early 1980s. This means that the traditional controversy concerning the destiny of the peasantry in a capitalist economy does not show any signs of reaching a conclusion (Veiga, 1991:117, quoted by Reydon, 1992: 37).

It also means that one of the main arguments of the thesis which emphasizes the social aspects of agrarian reform, neglecting the economic one, is undermined. As has already been seen, the scepticism towards the economic impact of reform is underpinned by the argument of the decreasing economic role of the peasantry. It is interesting to note that, although the thesis of agrarian reform as a social policy avoids the severe criticism of the economicism of the developmentalist thesis, it ends up by falling prey to another kind of economicism. That is, the discussion on the significance of agrarian reform is subordinated to an economic evaluation of the role played by the peasantry within the present pattern of development, which is biased against them, as it was shown in Chapter 3.

D’Incao (1987), like Martine, has pointed out that Graziano’s agrarian reform thesis does not take into account his own analysis of the logic of Brazilian agricultural production. In many of his works Graziano elaborates an accurate analysis of the perverse consequences of conservative agricultural modernization, which has favoured the agro-industries and penalized peasant agriculture. Nevertheless, his agrarian reform thesis ends up by accepting such pattern of agricultural development as a *fait accompli* (ibid, 1987). Regarding the alternatives to the present pattern of agricultural development Graziano (1989) asks ‘if agricultural modernization tends to aggravate social inequalities... is a backward, but socially just agriculture, the solution’ (quoted by D’Incao, ibid.:17). Answering his own question, Graziano concludes that the route for a better income distribution is not the ‘elimination’ of technological progress in agriculture, but the extension of its benefits to the rural workers.

By setting ‘technological progress’ against ‘backward agriculture’, Graziano seems to imply that the pattern of the technological development adopted in Brazil is the only possible path of agricultural modernization. Actually, as is indicated by the term ‘compensatory social policy’, agrarian reform from Graziano’s point of view does not aim at changing the present pattern of

agricultural development. Rather it aims at attenuating its perverse consequences.

If it is true that the discussion on the significance of agrarian reform cannot neglect the present stage of agricultural development, it is also true that such discussion must go beyond efforts to find a place for the survival of the peasantry within its limits. It implies that the elaboration of an agrarian reform project, which really aims at solving the Brazilian agrarian question, must have as a parameter the reorientation of the present pattern of development. As Feres argues, only by making a radical criticism of the rationality of the capitalist agriculture in Brazil can we reinforce the peasant struggle for land redistribution and for support to the family farms. This is a central issue for the survival of the poor masses and for the survival of society as a whole (ibid, 1992: 16).

CONCLUSION

The discussion in the previous pages has shown that, unlike the neo-liberal belief, not only the ISI strategies but also the outward-oriented model have failed, as far as poverty alleviation in Brazil is concerned. This is because both ISI and export-led growth development strategies, pursued throughout Brazilian history, share a common feature: the reliance on concentration rather than on distribution of income and land. Thus, far from being an anomaly, the concentration of land and wealth at one extreme and poverty at the other are inherent to those models, that is, the results of economic growth do not end, by change, in the hands of a few privileged people. Indeed concentration has functioned as a precondition for economic growth.

From the comparison between Brazilian and NICs of Asia, particularly Korea, we learned that industrial growth by itself cannot solve the problem of rural poverty. Brazil has passed through a relatively successful process of industrialization, reaching high rates of economic growth, but still presents a very pronounced incidence of poverty. Likewise, although agricultural modernization may increase productivity it has, in the case of Brazil, aggravated the problem of poverty rather than contributed to its alleviation. Although one cannot disregard the importance of economic growth in alleviating poverty, it is the style of growth or, broadly speaking, the style of development adopted rather than mere economic figures that determines the degree of equality in a certain society. In countries with similar characteristics to Brazil, the benefits of growth are very unlikely to trickle down to the poor not only because of the labour-saving nature of technology but mainly because growth is led by concentration.

The experience of Korea shows that the distributive policies of the 1950s, specially agrarian reform, played a crucial role in shaping a relatively distributive development model in that country. By contrast, the persistence of poverty in Brazil cannot be separated from the historical absence of agrarian reform. It leads us to conclude that however important the recovery of economic growth may be it is not a sufficient condition for the redressal the rural poverty, as is advocated by neo-liberal ideology. Conversely, the increasing process of rural impoverishment can only be reversed through direct distributive measures, among which, the most important one is, without any doubt, agrarian reform.

However, one must be aware of the limits of a process of agrarian reform in the 1990s, in countries like Brazil. Suffice it to say that only one quarter of the population lives in the countryside. Yet even considering that, agrarian reform is not a panacea. It is undeniable that a comprehensive process of agrarian reform may have, as well as the distributive aspect, a rather positive impact on production, specially of foodstuffs. In this way, agrarian reform may contribute to the alleviation of

poverty and may also help in overcoming the economic crisis.

The crisis of the early 1960s was said to be the result of the exhaustion of the concentrative ISI model and therefore, economic growth would not take place unless a policy of income and land distribution was implemented. Can the 1980s crisis be similarly regarded as the exhaustion of the concentrative outward-oriented model? Is redistribution a precondition for recovering economic growth? As the 'Brazilian miracle' dismissed the 1960s prophecy and growth went hand in hand with concentration, may or should we expect another miracle?

Although the answers to these questions may be an exciting intellectual exercise, for the time being I am satisfied with a less complicated answer, running the risk of being tautological: even though growth can take place without distribution, alleviation of poverty does not automatically follow growth. In turn, even though distribution is not a precondition it can still help the recovery of growth.

With the reorganization of agriculture on new technological basis and the dominance of capitalist relations of production in the countryside the agrarian reform debate gained another meaning.

First of all the thesis of a transitional or anti-feudal land reform dominant in the 1960s is now completely out of date. For the neo-liberal and the apologists of modernization (Pastore, Delfin Neto and others) the 'agrarian question' can always be solved by means of improved technologies and adequate agricultural policies, for the capitalist sector of course. They argued that if land reform was not needed to stimulate capitalist development why would it be necessary in the present stage of development?

As the criticisms of the developmentalist programme of agrarian reform have shown, overemphasis on the solutions of the agrarian question from an exclusively economic (or productive) perspective is a political mistake. Since the productive aspect can be addressed from a technocratic perspective, the economic arguments lose their meaning, further weakening the struggle for agrarian reform.

On the other hand, the negligence of the economic dimension leads to a conception of agrarian reform as a palliative and instead of solving the agrarian question may even contribute to its perpetuation. The criticisms of the one-sided 'social' agrarian reform thesis suggest the need for a more comprehensive view of this issue. From my point of view the elaboration of an agrarian reform programme that takes into account both economic, social and political dimensions means necessarily the subordination of the agrarian reform debate to a broader discussion of development strategies. As it has been shown, approaching the correlation between agrarian question and development strategies can offer an insightful look at the historical absence of agrarian reform throughout Brazilian

history. Likewise, I believe that bringing the current debate on agrarian reform into a broader discussion of development strategies can also help to solve the dichotomy of economic versus social agrarian reform.

This implies that the present pattern of economic development in general and of rural development in particular should not be taken as a given. Neither is the present pattern of technological development the only path for agricultural modernization, nor does an agriculture oriented towards social equity mean returning to a 'backward' form of production. Although it is true that the problem of growth and productivity can be solved by means of technocratic measures it is also true that economic growth by itself cannot solve problems such as poverty.

Yet the failure of the concentrating pattern of development is evident even if the perspective of 'growth for the sake of growth' alone is considered. The outward-oriented model is rather vulnerable, particularly in the context of increasing competition in the international market (i.e., a declared price and subsidies war between the US and the EEC). Given the low productivity of Third World agriculture, many countries have managed to survive only by reducing production costs, maintaining low wages, and increasing subsidies for exports, at the expense of food production.

In such circumstances the expansion of the domestic market, potentially, could contribute to increase production — but it would imply redistribution of income! Here lies the impasse of Brazil and many other Third World countries: 'without conditions to compete in the international market and with a domestic market restricted by the low purchasing power of the masses, the perspectives of development become more and more difficult' (Martine, 1991: 07).

Actually this pattern of development failed notably because of its incapacity to combine growth and distribution. From the perspective of a new model of development which is capable of combining growth, distribution, the welfare of the people and democracy; land reform can be justified not only in terms of its political and social aspects (i.e., as a 'compensatory social policy') but also in terms of its economic aspect. In other words a comprehensive programme of land reform should aim beyond simply providing an occupation in the rural sector for those who cannot find a job elsewhere. Land reform must be seen as a decisive step towards the reorganization of agricultural production assuring a social, political and economic role for its beneficiaries.

NOTES

1. 'Agrarian vocation' here means the integration of Brazil in the international division of labour as a supplier of primary goods and importer of manufactured goods. For a good summary of this neo-liberal idea see Kay (1991) and Bielschowsky (1988).
2. Between 1975 and 1985, 527 colonization projects, representing subsidies of 1 billion dollars, were implemented in Amazonia by agricultural and livestock production enterprises. This results in the devastation of 8 million ha. of forest and the ejection of thousands of poor people from the region (see Feres, 1992:07).
3. For further discussion of the question of the boias-frias and the particularities of the process of rural proletarianization in Brazil, see D'Incao, 1979. For a good summary of the contrasting theoretical position on this issue, see Goodman, 1989.
4. However one must avoid exaggerating the equity-oriented character of Korean development, in this respect, See Bagchi, 1987.
5. It is interesting to note that the definition of the role of the peasantry has been one of the most controversial issues in the Brazilian agrarian question debate. It is also worth noting that despite the fact that this debate has constantly been reshaped, according to the transformation of social relations in the countryside, the influence that the classical Marxist debate exerts on the ongoing discussion concerning agrarian question/agrarian reform is still quite visible. For an analysis of the influence on Brazilian writers of the 'classics', especially Lenin, Kautsky and Chayanov, see Wilkinson, 1986.
6. The version I refer to here was published in 1991.
7. These data are more systematically presented in tables 5 and 6.
8. Such tendency is confirmed by the data presented in table 6.

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