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# ***Brazil's Agrarian Reform: Democratic Innovation or Oligarchic Exclusion Redux?***

*Anthony Pereira*

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## ABSTRACT

The government of Fernando Henrique Cardoso (1995–2002) redistributed a surprising amount of land to Brazil's landless. Assessing that reform, this study argues that an adequate appreciation of land redistribution must transcend the debate about the number of beneficiaries and place the reform in the larger context of state policies toward land and agriculture. It then asks to what extent such policies under Cardoso represented the dismantling of past state practices in the countryside. Although the Cardoso administration enacted some significant and democratizing changes, it missed other opportunities to benefit the rural poor, and its policies essentially maintained the agricultural model of the past two decades.

The prominence of agrarian reform as a political issue was one of the great surprises of the government of Brazil's president Fernando Henrique Cardoso (1995–2002). The mobilization for reform was widespread and intense. The topic occupied a prominent place in the government's rhetoric about its accomplishments. Its land redistribution program extended farther than those of any of the preceding postmilitary governments, beyond what most political observers anticipated when Cardoso was elected, and even exceeded what the president himself seems to have expected. Agrarian reform also became a symbol of and a focal point in the battle between supporters and opponents of the government's economic policies.

How to explain and interpret this surprising outcome? What does the government's agrarian reform represent for Brazil's politics and economy? One answer to the latter question is that the increase in land redistribution represents a major economic and political reform. In this view, the Cardoso government, reflecting the president's progressive past as a scholar and social critic, broke with past policies. By granting small producers a more secure place in the agricultural sector and by recognizing, negotiating with, and partly accommodating the landless, the Cardoso government democratized economic and social policy in the countryside.

An alternative interpretation, however, would stress the continuity of the Cardoso government's policies with the past. In this interpreta-

tion, a look behind and beyond land redistribution reveals policies that disproportionately benefit a small number of politically powerful, large producers, and a series of missed opportunities to benefit the rural poor.

This article argues that the second interpretation is more accurate than the first. It begins by examining some claims about past policies and the Cardoso government's impact on them. Then it looks at the situation the Cardoso government inherited, and the trends in agriculture and land use that preceded the government's ascension to power. Tracing the course of agrarian reform since 1995, this study looks beyond the statistics on land redistribution to examine the issues of land titling, agricultural credit, taxation, payments for expropriated land, and rural violence. Finally, it suggests that the Cardoso government did not fundamentally alter the development model or the pattern of policies in agriculture.

Such an analysis of Brazil's agrarian reform as offered here might be seen as misleading, by treating as a single phenomenon a whole series of complicated processes that vary enormously by region and over time. It is possible, however, to recognize the complexity and variability of the reform process, as this study does, and at the same time seek some preliminary generalizations about its overall trends and consequences. Reasonable people can, of course, differ as to what those generalizations should be.

## **PRIOR POLICIES OF CONSERVATIVE "MODERNIZATION"**

Brazil's state policies have traditionally followed a pattern well summarized by Sorj: "the state takes responsibility for the onus, the bonus is distributed among the dominant classes, and the crumbs [*migalhas*] are left over for the subaltern groups" (Sorj 1998, 28). The oligarchic and patronage-based features of these policies are rooted in the agrarian past. Land in Brazil has traditionally been not merely a factor of production but a reward for service and proximity to power, as well as a foundation for the accumulation and maintenance of more power and privilege. This power includes the ability of large landowners to direct the legal and coercive apparatus of the state in their region. It also entails landlord control over and obligations to subaltern populations.

The original division of the colonial *capitanias* among a handful of *amigos do rei* (friends of the king) reflects this reality (Gonçalo 2001, 23). In Brazil, unlike the United States, the state's exclusionary tendencies were not substantially mitigated in later stages of development by frontier policies that granted land to the landless. Whereas the U.S. Homestead Act of 1862 granted frontier land to anyone willing to settle it, Brazil's 1850 Land Law (*Lei da Terra*) prohibited the acquisition of public land by any means other than purchase, thus putting an end to

previous rights to gain land through occupancy (*posse*) (Viotti da Costa 2000, 78–79).

Brazilian policies in agriculture in more recent years can best be characterized as the promotion of conservative “modernization.” Unlike Latin American countries such as Mexico and Bolivia, Brazil has never had a political rupture that weakened the landed oligarchy and allowed large-scale redistribution of land to those who cultivate it. In addition, Brazil’s rural workers have never fully enjoyed the benefits of the Vargas-era Consolidated Labor Laws (*Consolidação das Leis do Trabalho*), unlike urban workers.

The brief period of mobilization around land and rural labor issues in the late 1950s and early 1960s, which saw the emergence of the Peasant Leagues and rural trade unions, was ended forcefully by the military coup in 1964. The military regime of 1964–85 subsequently imposed policies that essentially took land redistribution in already settled areas off the political agenda. Government policies of subsidized credit (mainly for large producers), tax breaks, price supports, and other incentives promoted the development of large, highly capitalized, mechanized farms and ranches, many of them producing for export. This conservative “modernization” created an exodus from the countryside, as sharecroppers, tenants, and small farmers lost access to land, and rural workers lost jobs (Pereira 1997).

At the same time that land concentration was taking place, new, previously unused lands were also passing into private hands. Leite calculates that the private sector acquired, by purchase and government grants, some 31.8 million hectares of previously public land in the 1970s alone (Leite 1999, 173). This phenomenon was especially marked in the west and north of the country. To minimize potential social unrest in the face of these policies, the military regime initiated programs of rural social assistance (pensions and health) and colonization, mostly in the Amazon region.

The Cardoso government, some observers believe, made a historic break with those policies. This view places Cardoso in the mold of previous presidents, such as Getúlio Vargas (1930–45, 1950–54) and Juscelino Kubitschek (1955–60), who were credited with creating a new order in Brazilian politics (see, for example, Roett 1999; Sorj 1998; Gordon 2001, 125–30). The prominent Brazilian rural sociologist José de Souza Martins is probably the best-known proponent of this view (Martins 1999, 2000). Martins sees the Cardoso government’s agrarian reform as the culmination of one process and a dramatic break with another. It is the capstone of a process that began under Getúlio Vargas, to undo the absolute dominion given to private property in land by the 1850 *Lei da Terra*, and to reassert the public and social character of landholding.<sup>1</sup> On the other hand, it also represents a long-awaited superseding of

the oligarchic, personalistic, and patronage-based pattern of Brazilian politics in the countryside that prevailed even under democratic regimes. Martins sees President Cardoso's Brazilian Social Democratic Party (PSDB) as an antioligarchical political party with enough force to push Brazil toward political modernity in the rural areas (Martins 1999, 117).<sup>2</sup>

Martins sees in land reform four fundamental changes in Brazil's society and state. First, unproductive or underproductive large estates (*latifúndios*) have become capitalized and "empresarialized," submitting themselves to the logic of capitalist reproduction and integrating with financial and industrial capital. Second, family farmers have finally won guarantees to a place in the economy and society. Third, the state has become more representative, institutionalized, pluralized, and democratic. Finally, the state has replaced repression with law and negotiation in the countryside, submitting erstwhile *latifundiários* to the rational-legal control of public authority (Martins 1999, 119, 121, 125). In his enthusiasm, Martins redefines the government's most active opponents on the land reform issue—the Landless Workers' Movement (*Movimento dos Sem Terra*, or MST), the Catholic Church's Pastoral Land Commission (*Comissão Pastoral da Terra*, or CPT), and the Workers' Party (*Partido dos Trabalhadores*, PT)—as its real allies in this historic transformation (Martins 1999, 120).

There is some wishful thinking in this portrait; most specialists on agrarian reform do not share Martins' views (see Ondetti 2000, 15). While certain of the trends that Martins points to have occurred, policies in land and agriculture did not, across the board, reflect the kind of wholesale innovation he describes. Before considering the evidence for this, however, it is necessary to examine the general tendencies in land and agricultural policies before the Cardoso government came to power, and how the Cardoso agrarian reform related to them.

## TRENDS IN AGRICULTURE AND LAND USE

With the election of a civilian president in 1985, land redistribution returned to the political agenda, mainly because of pressure from below. José Sarney (1985–90) promised a massive land redistribution program through the expropriation of unproductive estates. Yet very little of this reform was actually carried out, either by Sarney's government or those of his successors, Fernando Collor de Mello (1990–92) and Itamar Franco (1992–94) (see table 1). At the same time, partly as a result of the debt crisis, government subsidies to agriculture dropped precipitously. Agricultural credit, for example, declined from \$27 billion in 1986 to only \$6 billion in 1996, as measured in 1996 U.S. dollars (Leite 1999, 162). Price supports were also reduced (Leite 1999, 164).

Table 1. Beneficiaries of Land Reform Claimed by Civilian Governments in Brazil, 1985–2001 (number of families)

	Beneficiaries Claimed	Beneficiaries Promised	Average Per Year
Sarney (1985–90)	83,000	1,400,000	16,600
Collor (1990–92)	30,000	—	15,000
Franco (1992–94)	18,000	—	9,000
Cardoso I (1995–98)	287,000	280,000	71,750
Cardoso II (1998–2001)	585,683	—	83,669

Data from 2001 cover the period up to November.

Source: Rows 1–4: Ondetti 2000. Row 5 (Cardoso II): *Folha de São Paulo* 2002.

This sharp cut in government support reflects a more market-driven approach to agriculture, enacted at first through sheer necessity and later as a conscious strategy. This “sink or swim” strategy led to the demise of many small farms and contributed to the dismissal of many farm workers. To offset the potential for conflict and resistance generated by such policies, the government began to increase its spending on rural social security and welfare (*previdência social*) (Leite 1999, 169), as it did on social programs in general.

On one level, government policy in agriculture was successful. By the mid-1990s, Brazil's agricultural sector was clearly one of the most dynamic and productive in the developing world. Its productivity (value added per agricultural worker) doubled between the periods 1979–81 and 1996–98, becoming almost twice that of Mexico in the latter period (World Bank 2001). Still the world's leading producer and exporter of coffee, Brazil has expanded into new agricultural markets, acquiring the largest herd of cattle in the world and becoming the second-largest producer of soya and sugar cane. The country supplies 85 percent of the world market for orange juice concentrate and exports tobacco, cocoa, cotton, butter, beef, and corn (Brogan 2000, 185).

Brazil's potential for even greater agricultural production is high. It still has a land frontier, and analysts estimate that the area devoted to crops in 1999—around 112.5 million acres—could easily be doubled (Economist Intelligence Unit 1999, 1). Agriculture is still experiencing growth in capital intensity and mechanization, and its importance to the Brazilian economy is higher than agriculture is to the economies of the richest countries. While agriculture accounts for only about 9 percent of Brazil's gross domestic product, it is responsible for around 35 percent of exports and 23 percent of the economically active population (Brogan 2000, 185).<sup>3</sup> Agriculture, furthermore, is internationally competitive and highly “globalized”: 16.4 percent of all agricultural production

was exported in 1995 (Leite 1999, 160), almost twice the rate of the economy as a whole. These exports generate the largest positive trade balance of any sector of the Brazilian economy (Graziano Neto 1998, 168–69), amounting to US\$19 billion in 2001.<sup>4</sup> This strong performance, moreover, has been achieved with far fewer subsidies than prevail in the United States and the European Union. According to scholar Marcus Sawaya Jank, Brazilian agricultural subsidies, which benefit about two million farmers, are only one-third of what the U.S. government spends on only 250,000 farmers (Jank 2001).<sup>5</sup>

Brazilian agriculture is also successful at home. Brazil's food production index has risen from 69.5 in 1979–81 to 125.7 in 1996–98. (The period 1989–91 = 100. World Bank 2001, 288). In 2001 the Brazilian government forecast a record grain crop of 91.6 million tons, a 10 percent increase over the 83 million tons produced in 2000 (Rinelli 2001, 4). The continuing problem of hunger in Brazil is thus the consequence of lack of sufficient income on the part of the poor, not an inadequate supply of food from Brazil's farms and ranches.

Behind the glittering trajectory of Brazilian agriculture, however, lies what historian Kenneth Maxwell calls "the other Brazil" (Maxwell 1999–2000). Fully one-third of the rural population, according to the government's own 1990 data, lives below the poverty line (World Bank 2001, 280). With one of the most unequal distributions of land in the world, the Brazilian countryside has been the site not only of the creation of great fortunes, but of social devastation reminiscent of the enclosure of common lands in early modern Europe or the outmigration of displaced smallholders in the U.S. Dust Bowl during the Great Depression. This devastation has been created partly because the policies promoting the "modernization" of agriculture have placed a premium on narrow criteria: the creation of a large, exportable surplus of agricultural goods. Other considerations, such as maximizing rural employment, intensifying the cultivation of the land, and accommodating the desire of small farmers to remain independent small producers, have been neglected.<sup>6</sup>

Furthermore, social relations have changed in the countryside. Large landowners have jettisoned traditional bonds of obligation to the rural poor, who used to be their tenants, sharecroppers, dependents, or clients. That sense of *noblesse oblige* was, at one time, a key component of the rural social order, but it has eroded as large landowners have used their privileged connection to the state to transform themselves into entrepreneurs of the new agribusiness. Indeed, in many regions, face-to-face contacts between large landowners and the rural poor have become a thing of the past.

A major survey of 159,778 people resettled on land under the federal government's agrarian reform program from the period before 1960

until 1996, conducted in December and January 1996–97, reveals the extent of deprivation that many rural dwellers face. Thirty percent of those surveyed were illiterate, while less than 14 percent had received more than four years of primary school education (Schmidt et al. 1998, 24, 65). Sixty-four percent of those surveyed had no training or skills in the labor market other than their knowledge of farming (the survey used the terms *agricultor* and *camponês*); and 87 percent farmed their land themselves, without being in a cooperative or part of a larger enterprise.

Well over half these farmers said that they received “no” or “precarious” technical assistance from the government. The average household income of these smallholders was 722 reais per year, or about the same amount in U.S. dollars at the then-prevailing exchange rate. But only a small minority lived in houses with running water or sewerage. Only 5 percent of these struggling farmers, growing mainly basic staples, such as corn, manioc, beans, sweet potatoes, and rice, had the benefit of irrigation, while in most regions even fewer had access to farm machinery or motorized vehicles. Their access to education and health services was tenuous or nonexistent, and many of them reported serious health problems, such as intestinal parasites (15 percent) and malaria (8 percent) (Schmidt et al. 1998, 55–112).<sup>7</sup>

Brazil's poorest farmers thus have a precarious toehold in the new agrarian order. Below them in the rural social order are the landless. These former small farmers, rural workers, and even urban workers face dim prospects in urban labor markets, where unemployment has risen in recent years. While the new rural Brazil boasts of vast farms and ranches run by prosperous owners with cell phones and pickup trucks, small armies of the dispossessed move, sometimes unseen, within it, migrating in search of seasonable jobs, shelter, and—the biggest hope of many—land. Despite the difficult conditions of life for small farmers, many of the landless seem to prefer this option to any existing alternatives.

The official system of representation in Brazilian agriculture has not been fully able to represent those losing access to land in the new agrarian economy. The National Agrarian Confederation is the official, state-recognized entity representing agricultural employers, while the National Confederation of Workers in Agriculture (CONTAG) is its counterpart on the labor side. While CONTAG does speak out on the issue of landlessness and agrarian reform and its member unions do sometimes organize land occupations (Sigaud 2000), its organizational structure makes it a more effective representative of small family farmers and wagedworkers than of the landless.

This shortcoming was a factor in the emergence of the MST, the government's principal critic on land reform (Pereira 1999). The MST, which began its activity in the early 1980s, claims to speak for the estimated 4.8 million landless families in the country and organizes marches, occupa-

tions (or, as others say, invasions) of unused public and private land, and more recently, occupations of government offices. It demands the radical deconcentration of land ownership via widespread redistribution of land from large landowners to the dispossessed. It has attempted to prod the national conscience and to speak for those excluded from the benefits of the modern economy (Pereira 1999, 115, 119).

The MST and its demand for agrarian reform, in turn, have been opposed by the Democratic Rural Union (UDR), an organization of large landowners opposed to land reform that emerged after 1985 (Sorj 1998, 29; Payne 2000). It is these last two organizations, both of which lie outside the official system of representation, that have garnered most of the headlines in the struggle over agrarian reform in Brazil.

The Cardoso government therefore inherited an agricultural sector that was generating both enormous wealth and misery, a dualistic process that in turn was creating a crisis of representation in the countryside. Despite the market-oriented reforms of the 1980s and 1990s, Brazilian agriculture, like agriculture everywhere, was still strongly dependent on the state. At its inauguration, the Cardoso government faced basic choices about what kinds of policies to enact and what groups to negotiate with.

## **STATE POLICIES UNDER CARDOSO: FHC vs. MST**

Both supporters and opponents of the Cardoso government's land reform policies saw the struggle over land in epochal terms. For the government, the reforms reflected Cardoso's observation during his campaign that "Brazil is not anymore an underdeveloped country. It is an unjust country" (Cardoso 1994, 9). In this view, the state's responsibility was to maintain and stimulate a modern agricultural sector that finally produced for the best interests of the larger society, while using welfare programs, including land reform, to ameliorate the worst social effects of agricultural modernization and provide some relief to a conflict-ridden countryside. Then-Minister of Agrarian Development Raúl Jungmann declared in 2002 that Brazil's land reform was "perhaps the biggest ever realized in an atmosphere of democratic stability and respect for institutions" (*Folha de São Paulo* 2002); and President Cardoso equated it with "a veritable peaceful revolution in the countryside" (quoted in Margolis 2002, 1).

For opponents of the reforms, however, the Cardoso government perpetuated a fraud about its accomplishments while colluding with retrograde elements of the old social order, thus perpetuating oligarchic domination in the guise of "modernization." In the words of Dom Tomás Balduino, president of the CPT in 2002, "From the point of view

of propaganda, it [the government] has achieved success. There is no lack of numbers, which are presented in accordance with their own criteria. The reality is totally different" (*Folha de São Paulo* 2002).

Candidate Cardoso promised to settle 280,000 landless families on land by the end of his four-year term (Cardoso 1994, 103). Once elected, however, Cardoso did not seem to make agrarian reform a priority. The government's overriding concern was to ensure the success of the anti-inflation Real Plan, initiated before the election in July 1994. The government's basic attitude toward agriculture seemed to be that, regardless of the dubious conditions under which many large landowners had obtained their lands and the benighted history of the *latifúndio* in general, the sector had been professionalized and modernized to such an extent that it would be counterproductive to threaten it with too heavy an emphasis on land reform (Graziano Neto 1998, 168). Agriculture was one of Brazil's most competitive sectors; it could generate exports, anchor the Real Plan, provide cheap food to the cities, and survive any process of deepening regional trade integration that the government decided to undertake.

At the same time, the Cardoso government tended to regard groups pressing for land reform with skepticism and sometimes alarm. It saw the demand for land reform as an archaic and primitive "agrarian redistributivism" that advocated land expropriation and redistribution as a solution to Brazil's past and present problems (de Souza 1997, 80; Martins 1999), based on an outdated ideology that criticized a system of unproductive *latifúndios* that no longer existed. That ideology mistakenly assumed that only the ownership of the means of production (rather than the training, skills, and human capital of individuals) determined the distribution of income, and reflected a romantic reification of a traditional peasantry that was largely passing out of history (Sorj 1998).<sup>8</sup>

In the government's view, land reform programs would primarily be for purposes of social welfare rather than agricultural production. Programs designed to alter fundamentally the structure of production and to include in it more small farmers were foolhardy and pushed against the global trend toward the concentration of land and increasing capital intensity in agriculture. For this reason, President Cardoso dismissed advocates of land reform for making a "nineteenth-century demand."

In making this remark, the president seemed to assume that the landless, or at least their leaders, were fighting for land out of some romantic, mystical attachment to the soil, or mere ideological bias. It seems more plausible, however, that the landless are quite pragmatic, and that they struggle for land because of a lack of viable alternatives. Many of them are relatively unschooled, unskilled, older workers, whose employment prospects in the Brazilian economy are bleak. A study of land occupiers by the Brazilian Intelligence Agency revealed

that some 40 percent had at one time worked in cities (cited in Gonçalo 2000, 5), which indicates that at one time they were willing at least to try to find a place in urban labor markets. In the advanced capitalist countries, many rural dwellers welcomed the opportunities created by industrialization, and there is no reason to believe that Brazilians are fundamentally different from Europeans and North Americans in this regard. The Brazilian economy, however, is not creating enough industrial jobs to absorb the landless.

President Cardoso's stance also ignored the possibility that small-holder agriculture could be more fully integrated into the productive structure of the country. Policies to redirect subsidies from larger to smaller farmers and to increase infrastructural, technical, marketing, and financial support to labor-intensive small farms could be appropriate, and not "backward," in an emerging market economy such as Brazil's. Such policies could also have dynamic effects on the domestic market, as their redistributive effects would increase demand in the countryside. Yet the government did not seem to seriously contemplate such a strategy, and kept the old model of agricultural modernization largely intact. This was largely for political rather than economic reasons.

The Achilles' heel of the Cardoso strategy, at least in political terms, was that it could not offer a significant portion of the rural population a place in the new, "globalized" economic order. (In this sense, Cardoso's social democracy differs markedly from European social democracy of the early twentieth century, which did have a project for the rural poor.) The Cardoso government's early policy position seemed to consign several generations of the rural poor to social, economic, and political oblivion.

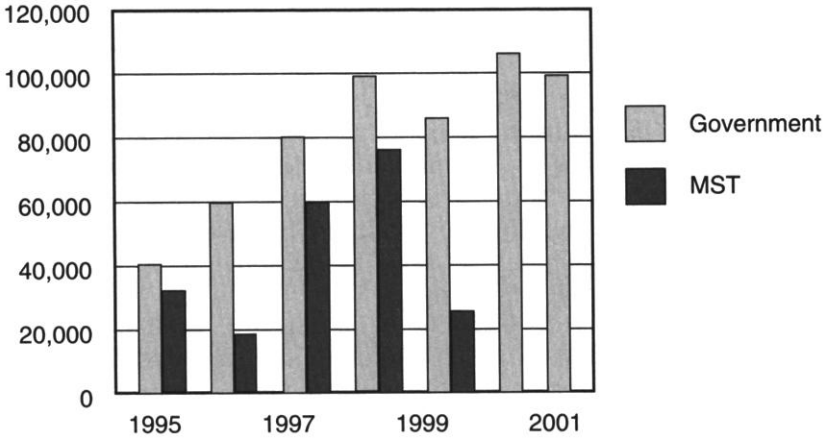
The President frankly admitted that his policies could not include everyone in a lengthy interview with a journalist from *Folha de São Paulo* conducted in 1996. Declaring that his government favored the most advanced capitalist sectors of the economy rather than the traditional "monopolistic and bureaucratic capitalism" or the "corporatists" [*corporativistas*] of the old patrimonial state, he added,

I am also not going to say that it [my government] is of the excluded, because it cannot be. . . . Certain sectors are not part of this dynamic segment of the economy. And then what? [*E daí?*] . . . I don't know how many excluded there will be. (Cardoso 1996, 6)

After reflecting, he added that the excluded might number somewhere around 16 million people!

Under these conditions, the organizing efforts of the MST and its multiple offshoots bore rapid fruit, partly filling the void left by the decline of the organized labor movement under the Cardoso government. Tens of thousands of landless occupied unused private and some-

Figure 1. Beneficiaries of Land Redistribution, Brazil 1995–2001  
(number of families settled)



Notes: Data from 2001 cover the period up to November. The MST has not computed the number of families settled on land in 2000 and 2001.

Sources: Government data from INCRA 2001; MST from *Folha de São Paulo* 2002.

times public land (mostly in already settled areas rather than frontier, previously unfarmed land) in hundreds of encampments around the country, which peaked at 502 separate land occupations in 1997 (INCRA 2001). An estimated 60,000 people were in such encampments in early 2000 (Ondetti 2001b; see also figure 1).

The pressure on the government from these encampments was considerable; however, what seemed to trigger a change in the administration's attitude to agrarian reform were massacres of the landless in 1995 and especially 1996. Ondetti argues persuasively that the rhythm of land expropriations closely follows the outcry that accompanied the killing of 10 landless people in Corumbiara in Rondônia on August 9, 1995, and 19 landless (and the wounding of 69) in Eldorado de Carajás, Pará, on April 17, 1996 (Hammond 2001; Ondetti 2001a). In the wake of these atrocities, committed by military police forces ostensibly controlled by state governments, the federal government accelerated land expropriations and increased the number of people resettled on land. The MST, in turn, utilized its newfound media spotlight to organize more land occupations and other actions, including a highly publicized march to Brasília in April 1997.

According to the government's figures from 1995 to 1998, roughly 287,000 landless families received land under the land reform program (Ondetti 2000a, 11). This exceeds the 280,000 families to whom Cardoso, in his 1994 presidential campaign, promised to give land. According to the official data, in seven years, the Cardoso government bene-

fited 585,683 landless families, or more than four times as many as the 131,000 families listed as beneficiaries under its three predecessors combined (Ondetti 2001a, 4–13; see table 1). According to government data, roughly 20 million hectares, mostly in unused private holdings, were acquired for redistribution under the land reform program.

The MST disputed the Cardoso government's claims (see figure 1). It said (as of mid-2000) that the correct figures were 160,000 families settled on some 8 million hectares. This discrepancy occurs partly because the MST did not count squatters who were already on land before receiving legal title from the government, or beneficiaries who entered the land redistribution system before the advent of the Cardoso government (*Sem Terra* 2000).<sup>9</sup> The MST also referred to data from the Escola de Economia da Universidade de São Paulo showing that from 1995 to 2000, 400,000 small farmers lost land and 1.2 million rural workers lost jobs (cited in Gonçalo 2001, 4). The MST newspaper asserted that some 900,000 smallholders lost access to land in this period (*Sem Terra* 2000). Critics of the agrarian reform further cited partial surveys that found that within two years of receiving their land, approximately a quarter of the beneficiaries of land reform abandoned their plots because they were unable to service loans, among several reasons (Margolis 2002).

The MST also argued that despite the Cardoso government's policies, unproductive lands were still plentiful. The agrarian atlas (*Atlas fundiário brasileiro*) put out by the Ministry of Agrarian Policy, for example, shows that only 28 percent of Brazil's cultivable land is being used in some productive activity, while 62 percent of it remains unproductive (cited in Borin 1997, 25). The MST even disputed the Cardoso administration's right to call its policies agrarian reform, because, in the MST's view, the reform did not change the productive structure of agriculture, and was therefore merely *assistencialismo* (welfarism, or a form of social assistance, rather than inserting the landless into the productive system).

The government rebutted such attacks by asserting that widespread public support for agrarian reform, if not for the MST's methods, came largely out of the urban population's stereotypical attitude to landowners as semifeudal *latifundiários* (Graziano Neto 1998, 168). President Cardoso complained that TV Globo's 1996 telenovela *O rei do gado* (Cattle King), which portrayed grassroots members of the MST, if not the movement's leaders, in a sympathetic light, put pressure on his government to redistribute more land (Pompeu de Toledo 1998, 324), even though such policies had questionable economic value. The government's position was that land reform was unlikely to increase output or raise rural incomes in what was a highly productive agricultural economy. Land redistribution should therefore not be a priority; it was better to tax unproductive land and encourage tenancy and crop-sharing arrangements to increase employment and alleviate poverty (de Souza 1997, 80).

In its conflict with the MST, the government emphasized the occasional violence of the landless themselves and the apparent lack of commitment of some of the MST leaders to Brazil's currently existing version of democracy. The government and its supporters sometimes characterized the MST as a political party rather than a social movement. They alleged that the MST's broad attacks on the government's economic policies proved that it used land reform as a means to demoralize the government rather than as an end in itself. They further charged that the MST's opposition to the government's measures to decentralize land reform and create a "market-assisted" land reform program with the help of the World Bank—which would complement land expropriation by the National Institute for Colonization and Agrarian Reform (INCRA) through the purchase of unproductive land—was based on purely ideological grounds.

The MST's leader, João Pedro Stédile, responded in pragmatic terms. He claimed that, given the government's budget of R\$1 billion for the market-assisted land reform program and an average cost of R\$20,000 for each family settled, the program would be able to settle about only another 50,000 families on the land (Stédile and Fernandes 1999, 141). The MST also complained that the program was more generous to landowners and banks than to the landless.<sup>10</sup>

As an actor in a democracy, the MST, like the Cardoso government, had a blind spot: its attitude toward the agrarian structure. Some MST leaders seemed to regard any landholder with property above a certain size as a *latifundiário*, regardless of whether that property was productive or unproductive. Stédile, for example, said in one interview that the maximum size of rural properties should be one thousand hectares (Stédile and Mançano Fernandes 1999). It is not clear how such a radical deconcentration of landholding can take place under conditions of democracy and legal continuity; that is, a nonrevolutionary situation. Such a declaration, however, should not be interpreted as representing the view of all members of the movement. Furthermore, the MST (and not just it; about half of all land occupations were led by other groups) did expose a weakness in the Cardoso government's approach to economic development, the social question, and the issue of political reform. The movement raised serious questions about the direction of Brazilian society in general, and not just the fate of agrarian reform.

The debate between the government and the MST exposed the cruel dilemmas that the Cardoso administration faced. The government based its agricultural policies on agribusiness, but could not adequately address the needs of the rural dispossessed. It redistributed land, but accelerating land redistribution only led to more occupations; at the same time, almost as many people seemed to have left the land as were resettled on it. The government questioned the economic viability of land redistribu-

tion, but the public continued to support it. This public support, characterized by some of the government's allies as based on ignorance, was at least as likely to have been based on personal or familial acquaintance with the injustice and violence of the social order in the countryside.<sup>11</sup> After all, the great waves of migration that transformed Brazil into an urban country occurred only in the last three decades, and many urban Brazilians retain links to the land. It is all the more impressive because, despite the popularity of *O rei do gado*, analysis of the Brazilian media suggests that television news coverage of the landless movement's leadership has been generally negative (Porto 2001, 21–24; Hammond 2001).

The essential aspect of agrarian reform being explored here, however, is the extent to which it represents a major reform of preexisting policies. In this regard, land redistribution itself is less important than a series of other, related measures. These include price stability brought by the 1994 Real Plan, which has reduced speculation in land as a hedge against inflation, thus lowering land prices and leading to rationalization of the use of land as a factor of production. A gun control law was passed in 1997 to curb rural violence, especially by landowners wishing to evict land occupiers. In 1996, the government enacted a judicial reform to send members of the military police who commit intentional homicide to jury trials held in civilian courts. Policies have also been created to decentralize land reform and to supplement land expropriation with "market-assisted" initiatives that buy unused land from owners. The most important reforms, however, were the increase in the rate of progressive taxation on unproductive land, and laws facilitating land expropriation and defending the rights of land occupiers.

In December 1996 the Brazilian National Congress approved legislation concerning the rural tax (*imposto territorial rural*, or ITR) and the procedure for land expropriation (*rito sumário de desapropriação de terras*). The landowners' lobby in Congress succeeded in reducing the tax rate on productive land, but the government increased it on unproductive land; the top rate for the largest estates rose from 4.5 percent to 20 percent (Cardoso 1997, 83). The modification of the land expropriation procedure allows the rapid expropriation and distribution of unproductive land and the subsequent negotiation of its price. At the same time, Congress also passed a law that brings in the Public Ministry (*Ministério Público*) in situations of land conflict (Sorj 1998, 38). This legislation was introduced by the *núcleo agrário* of the PT (the party's caucus on agrarian issues), and states that any expulsion order (*processo de despejo*) entails following a procedure in which the Public Ministry must be present and a judge must hear both sides before making a decision (Stédile and Fernandes 1999, 116).

These legal changes, for many analysts, represent "another step in the integration and disciplining of the rural areas within the political-

administrative structures of the Brazilian state" (Sorj 1998, 38). President Cardoso described them as a fundamental restructuring of the legal framework governing land (*arcabouço jurídico da terra*) that signified the definitive political defeat of *latifundiários*, who were now "paper tigers" that no longer controlled Congress (Pompeu de Toledo 1998, 321–22). Yet is such a conclusion warranted?

## THE MODEST IMPACT OF OTHER REFORMS

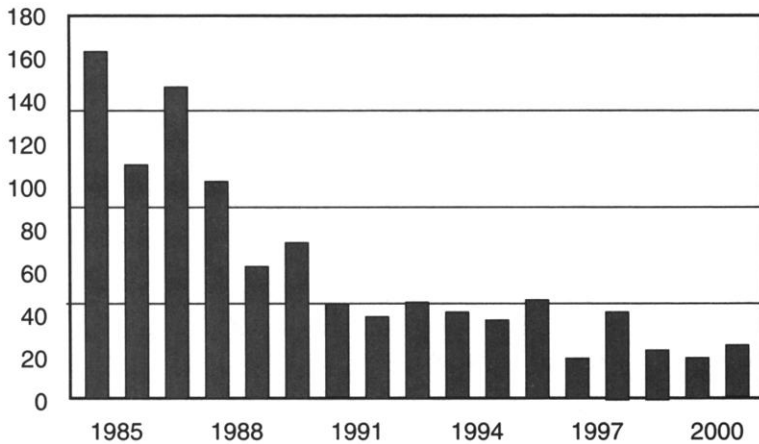
Despite the relatively large scale of land redistribution and the important legal changes under the Cardoso government, there is considerable evidence that other policy changes have had relatively little impact on the countryside. Furthermore, important initiatives that could have been taken were not.

MST leader Stédile complained, for example, that the law requiring the Public Ministry to be involved in land conflicts was poorly enforced. He asserted that judges tied to large landowners did not respect the law, but instead continued to grant evictions (*dar liminar para despejos*), failed to follow the procedures laid down for them, and failed to listen to the Public Ministry (Stédile and Fernandes 1999, 116). The known autonomy of the Brazilian judiciary certainly lends plausibility to this account (Prillaman 2000). Enforcement of the other legal changes should also not be taken for granted. An example is the 1997 arms control law. There has been an important decline in violence over land and rural labor conflicts since 1985 in Brazil; the average number of rural workers assassinated per year in the period 1985–94 was 91, whereas this dropped to 36 per year under the Cardoso government (see figure 2). Rural violence, however, is still a major impediment to the full enjoyment of civil and political rights by the poor in the countryside, especially in southern Pará and Maranhão.

Another area in which policies have not had a major impact is the system of land titling. Formal, enforceable claims to property are unevenly distributed in the countryside. Small farmers, and the rural poor in general, face a double-edged sword in the property rights regime. Barriers to obtaining formal legal title to the land they occupy make them vulnerable to removal by large landowners and their gunmen, while large landowners can sometimes obtain, through *de facto* possession, huge tracts of land to which they do not have legal title, thus "crowding out" the rural poor (Sorj 1998, 38). In the words of one squatter in the county (*município*) of Conceição de Araguaína in Pará, "Here the best title is the biggest ax" (quoted in Alston et al. 2000, 165).

A major reason for this state of affairs is a lack of efficiency in the demarcation of lands and their documentation and titling (*cadastramento*). Because of a costly, confusing, slow, and often politically

Figure 2. Assassinations of Rural Workers in Brazil, 1985–2001



Source: CPT, as reported in *Folha de São Paulo* 2002.

manipulated and corrupt process of land registration, many farmers do not hold titles to their properties. Small farmers are much less likely to be able to obtain legal title than large farmers.<sup>12</sup> They are then usually unable to obtain credit with which to boost productivity through the purchase of new inputs or the adoption of more efficient techniques (Public Administration and Development 1998, 39, table 8).<sup>13</sup> Small farmers thus cannot fully enjoy private property rights to the land they cultivate. This has a big impact on rural poverty, because studies show that small and medium-sized farms in Brazil produce far more employment per acre, on average, than large ones.

Furthermore, many rural properties were simply taken from the public domain. This process is not limited to remote regions, but happens also in the more prosperous Southeast. In the disputed area of São Paulo's Pontal do Paranapanema, for example, of the roughly 1 million hectares, only 20 percent were legally titled; the rest were *terras devolutas do estado* or irregularly occupied by large landowners (Gonçalo 2001, 22–23). There are also cases of large landowners receiving lands from the state without paying for them, then receiving fiscal incentives to produce, but not producing anything and simply holding on to the land (Gonçalo 2001, 23). The illegal acquisition of lands, or claim jumping (*grilagem*), is often associated with violence, because *grileiros* are often heavily armed hired hands committed to defending their employers' land.

Improvements in the operations of the *cartórios*, the land registration agencies located in almost every *município*, have been reported; many have computers now, for example (Fleischer 2001). In 2001 the

government also passed a law to create a single land registry of all rural properties in the country under the control of the Ministry of Agrarian Development (*Ministério de Desenvolvimento Agrário*), a relatively new agency created by President Cardoso. The government hopes that the registration project will be complete by 2003 (*Economist* 2001). This could improve the situation, but the reform came very late in the Cardoso presidency, and its effect, if it has one, will occur only under the current administration of President Luiz Ignacio Lula da Silva.

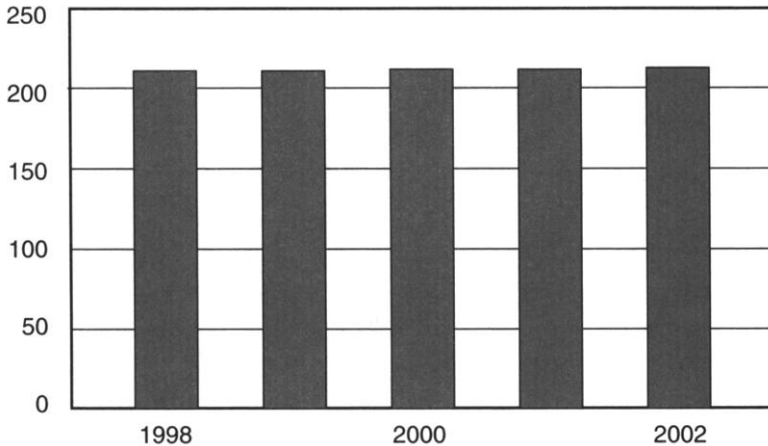
Smallholders are also marginalized by the prevailing system of agricultural credit. The state still dominates the provision of this credit, and large landowners obtain a disproportionate share of these funds. Large landowners, furthermore, have used their political power to default on loans at a high rate, resist foreclosure, and renegotiate loans to their advantage.<sup>14</sup>

A striking example of this occurred in 1995–96, when large landowners used their political influence to persuade Congress to cancel indexation for inflation on outstanding agricultural loans—a move that cost the Bank of Brazil between R\$1.8 to R\$2.5 billion (Public Administration and Development 1998, 16). Large landowners also successfully lobbied Congress for another break on agricultural loans in 1999 (Martins 1999, 117). These rural credit renegotiations, in effect, punished small and medium-sized producers, who generally repaid their loans on time. (Some small producers have benefited, but large producers have been the major beneficiaries.) Rural debt renegotiation is also one of the causes of the fiscal deficits that contributed to Brazil's economic instability during President Cardoso's second term.

Large landowners are also notorious for evading taxes. The ITR has a high rate of avoidance (Leite 1999, 158); and a study carried out as recently as 1999 showed that 98.7 percent of the two hundred largest rural properties simply did not pay the ITR at all (Gonçalo 2001, 22). The 1997 change in the ITR was potentially a significant step in curbing landowners' traditional free ride in taxation. The new law also reduced the size of property subject to the top tax rate from more than 15,000 hectares to more than 5,000 hectares. A number of potential loopholes in the law remain nevertheless. For the government to charge a rate of 20 percent, it has to determine that 30 percent or less of the rural property is being productively used. But Brazilian landowners have shown great ingenuity in demonstrating land use and in cultivating favorable rulings from local administrators.

Furthermore, greater utilization rates significantly diminish the tax rate for the largest farms (Cardoso 1997, 83). Considering that Brazil's top corporate tax rate is reportedly 15 percent (World Bank 2001, 306), these numbers suggest that rural properties are still relatively lightly taxed. Furthermore, despite the 1997 law, the real value of the revenue

Figure 3. Real Value of Collected Land Tax, Brazil 1998–2002  
(in millions of reais, deflated for inflation)



Notes: Data on the absolute value of the tax collection from *Folha de São Paulo* 2002. The 2002 figure is a projection. Absolute values were 208 million reais in 1998, 244 in 1999, 230 in 2000, 202 in 2001, and 232 in 2002. These numbers were then converted to their value in 1998 reais by deflating them by the cumulative inflation rate, which was obtained from *Latin Focus* 2002. According to this source, consumer prices rose 1.7 percent in 1998, 8.9 in 1999, 6.0 in 2000, 7.7 in 2001, and 7.6 in 2002, for an accumulated inflation rate of 31.9 percent for the entire period. The 2002 figure is an inflation projection made in January 2002.

obtained from collecting the ITR has declined from 1998 to 2001 (see figure 3) and has also declined as a percentage of total federal revenue, from 0.106 percent in 1998 to 0.071 percent in 2001.

The system by which land was expropriated under the Cardoso agrarian reform also reveals evidence that policies disproportionately benefit those already privileged by the agrarian political economy. Although the success of the Real Plan brought about a marked reduction in the price of land, critics allege that the government continued to buy land at prices equal to or higher than those in effect before 1994 (Borin 1997, 25). This appears to have been caused both by judicial decisions and by collusion between INCRA officials and landowners (Sorj 1998, 29). In a September 1999 study of more than 70 cases in which owners of expropriated land had brought judicial actions against INCRA, the Extraordinary Ministry of Agrarian Policy (*Ministério Extraordinário de Política Fundiária*) estimated that the government had overpaid for land on the order of R\$7 billion, or enough to place three hundred thousand families on the land (cited in Martins 2000, 125).

The compensation paid to landowners is thus often far higher than the estimated value of land calculated by the government (Martins 1999,

124). This policy has amounted to a veritable giveaway to large landowners, some of them the very idle and unproductive *latifundiários* whom modern agricultural markets were supposed to punish (Leite 1999, 172). Because the cost of the land is part of the debt contracted by those resettled in the land reform program, the former landless “run the risk of paying for the poor management [and corruption] of INCRA for the rest of their lives” (Borin 1997, 25). This is a striking example of the maxim offered by Sorj—the state takes the onus, the dominant classes get the bonus, and the subordinate groups are left with the crumbs—and indicates that some of the major beneficiaries of land reform have been landowners rather than the landless.

Some observers disagree strongly with the interpretation offered here. Alston et al. (2000, 167) write that “land owners historically have received less than the market value of their land in an expropriation,” partly because INCRA pays for expropriated land in *títulos de dívida agrária* (TDAs), which are heavily discounted, and pays cash only for improvements to the property. In the same passage, they also write, “The landowner could also scheme with local INCRA officials or use the courts to set the compensation for expropriated land above its market value. Such actions, however, appear to be very isolated events.” Such an interpretation, however, is belied by the Cardoso government’s own rhetoric, actions, and data. The data about overpayment described above come from government sources. And in justifying the “market-assisted” land reform program administered by the Ministry of Agrarian Policy President Cardoso decried INCRA’s “corruption.” Government policy reforms therefore seem to be based on an assumption that overpayments for expropriated land were not “isolated events.”

Finally, the Cardoso administration missed an opportunity for significant policy reform regarding rural violence. Although rural violence appears to have diminished under Cardoso, killings of rural workers and the landless by the military police and landlords’ gunmen are still common in some regions, and usually go uninvestigated and unpunished. In the wake of the massacres in Corumbiara and Eldorado de Carajás, human rights activists called on Cardoso to push for a constitutional amendment allowing the federal government to intervene in the investigation and prosecution of human rights violations when officials at the state level fail to carry out unbiased investigations. This “federalization” amendment, introduced in Congress in 1996, has not been passed. It could represent a major step toward ending the impunity of perpetrators of violence against the rural poor, but the federal government did not prioritize it (Amnesty International 1998, 32–33).

## CONCLUSIONS

Moving beyond land redistribution figures to examine other, less-noted aspects of the Cardoso government's policies in land and agriculture, therefore, we can conclude that the government has largely maintained the general policy tilt in favor of conservative modernization. This policy orientation gives little opportunity to the landless and the poor, punishes small and medium-sized farmers, and generously rewards politically influential large landowners. Brazil may have a capitalist democracy, but its form of capitalism in the countryside is not very democratic. In agriculture, as elsewhere in the economy, markets are still strongly shaped by political manipulation. For the poor, this results in a system in which access to land is limited, land distribution is highly unequal, property rights to land are precarious, land markets are underdeveloped, access to credit is dominated by large landowners who use their political influence to renege on their loan repayments and tax obligations; and the poor are subject to the possibility of violence at the hands of the military police or landlords' gunmen, with little protection from the state. Such a conclusion fits with the assessment of many observers that outside of macroeconomic reforms, the Cardoso government's accomplishments in the area of political and institutional reforms were limited.

The Cardoso government faced daunting social problems and enacted some significant reforms. The extent of land redistribution carried out from 1995 to 2002 was impressive and surprising, whether measured by the official government data or those of the opposition. The acquisition of land by previously landless rural people, as well as the securing of legal title to land by squatters previously without secure property rights, is an important achievement, because it means that marginalized Brazilians have, largely through their own tenacious efforts, obtained at least the possibility of inclusion in the economy and recognition as citizens in the political sphere. There was also an important decrease in rural violence during the Cardoso government. The land reform thus represents small victories for hundreds of thousands of people.

As the government redistributed some unproductive land to those people, however, a roughly equal number of small farmers, tenants, and squatters left the land because of prevailing policies of conservative modernization in agriculture. This economic model in itself would not necessarily be undesirable for Brazil as a whole; but without employment opportunities for the unschooled, the process represents the marginalization of a significant proportion of those Brazilians unlucky enough to stand at the bottom of the rural social hierarchy.

In addition to redistributing land, the Cardoso administration enacted a number of related reforms. It facilitated land expropriation, centralized the land-titling system, improved the collection of taxes on

rural properties and progressively taxed unproductive land, and controlled unregistered guns. This study suggests that these measures did not have a major impact on Brazil's agrarian political economy. Not all of them were actively enforced, a historical problem of the Brazilian state. Others were implemented late in Cardoso's term or halfheartedly applied. Furthermore, an opportunity to federalize human rights abuses, thus diminishing impunity for rural violence, was missed. It is therefore inaccurate to declare the Cardoso government's agrarian reform a "revolution" in the countryside.

This is not to argue that none of Cardoso's policies resulted in major reforms. The achievement of price stability for eight years, for example, was a notable success. At the same time, it is not unreasonable to judge the government's performance at least partly by how it affected the most vulnerable segments of the population, including the rural poor. This article suggests that policies of conservative modernization—marked by the use of state personnel and resources primarily to serve a small but powerful set of large agricultural producers—largely continued in the Brazilian countryside. While these policies have gradually become more market and export oriented since the early 1980s, the Cardoso government did not represent a fundamental break with them. The resulting model is still a highly politicized one, in that access to and repayment of credit depend on political as much as on market criteria. While the Cardoso government bolstered the state's commitment to compensatory social programs for the rural poor, the productive structure is still dominated by the large producers most favored by government policies. In this sense, the agrarian reform has been limited, and will probably eventually be seen as a modest but not fundamental modification of government policies in agriculture.

## NOTES

1. This process includes the constitutional allocation of subsoil mineral rights to the national state rather than to individual landowners, and the right of the state to expropriate land not fulfilling a "social function." From an Anglo-American liberal perspective, of course, such assertions of the state over individual rights are anathema.

2. Martins admits that the PSDB allied itself with an oligarchical party, the Liberal Front (PFL), and that the decentralization of land reform discussed here might well lead to the reform's domination by large landowners in some regions.

3. Agriculture accounts for 28 percent of male and 14 percent of female employment (Brogan 2000, 184). The figure for the share of agriculture in GDP is value added as a percentage of GDP in 1999 and comes from World Bank 2001, 296.

4. Fleischer (2002, 7) reports, "Brazil's agribusiness sector posted a US\$19 billion trade surplus in 2001, with exports of US\$23.9 billion and imports of

US\$4.9 billion. This was a 28 percent increase from the US\$14.8 surplus posted in 2000.”

5. The U.S. government’s protection of agriculture increased in May 2002 when President George W. Bush signed a bill authorizing a 70 percent increase in subsidies to the sector over the next ten years. See Hook 2002; Sanger 2002.

6. Contrary to the common prejudice, large farms are not necessarily more efficient than small and medium-sized ones. In terms of economic efficiency, measured by comparing output to inputs of land, labor, and capital, small and medium-sized farms often outperform large ones; in pecuniary efficiency, measured by the advantages of vertical integration, tax breaks, and subsidies, large farms do better. In Angus Wright’s words, “This then explains why less ‘economically efficient’ large farms prevail over small ones. And, of course, what this means is that their advantages are preeminently political and at least subject to policy reform.” Wright 2002.

7. These data are a snapshot intended to illustrate the prevalence of rural poverty that existed at the beginning of Cardoso’s presidency. They are not intended to establish a relationship between Cardoso’s policies and trends in rural poverty. For such an analysis, time-series data from the period 1995–2002 would have to be examined.

8. Sorj makes the valuable point that unlike the Peasant Leagues and other “peasant” social movements of the late 1950s and early 1960s, the MST and its offshoots do not defend rural cultivators’ traditional use rights to land, but instead organize the rural and often the urban poor from all over the country, leading them in land occupations on carefully selected properties in areas where many occupiers have never lived before. Thus, while MST leaders see themselves as the inheritors of the Peasant Leagues’ mantle, they lead a very different kind of organization. See Sorj 1998.

9. Leite (1999, 173) lists beneficiaries as 42,827 families in 1995, then 61,674 in 1996; 81,944 in 1997; and 34,978 in 1998 (as of June 10, 1998).

10. For an initial assessment of the possibilities of market-assisted land reform, see Pereira 1999.

11. Barreira records the words of a poem about a *pistoleiro* from the *literatura de cordel* (popular ballads) that reflects popular conceptions about the rule of large landowners: “One feels sorry for Miranda [the *pistoleiro*]/because he is the product/of a violent world/and a corrupt system.” [*De Miranda tem se é pena/porque ele é um produto/de um mundo violento/de um sistema corrupto.*] Otávio Menezes, *A prisão de pistoleiro Miranda*, quoted in Barreira 1999, 124.

12. In a recent survey, of the total land area on farms of less than 10 hectares in size, only 65 percent of the land was registered. For land on farms of between 1,000 and 10,000 hectares, the corresponding figure was 83 percent; and for farms larger than 10,000 acres, 91 percent. Bryant 1998, 39, table 8; data from INCRA 1992. A hectare is roughly 2.5 acres.

13. The lack of land titles is a larger problem in the Northeast, where 64 percent of the farms smaller than 25 acres are located; only 41 percent of the land on such farms is registered. See Pereira 1999, 117–18.

14. In 1995, for example, more than half of all outstanding agricultural loans made by the federally owned Bank of Brazil were for more than R\$500,000 (at that time, roughly the equivalent in U.S. dollars). Default rates on these large

loans averaged 33 percent nationally. The debt was owed by 1,477 large landowners (less than one-half of one percent of the total of 297,827 borrowers), whose default represented 73 percent of the value of all agricultural loans made by the Bank of Brazil that were delinquent at that time. Owners of small and medium-sized farms, in contrast, generally repaid their debts. The default rate for loans up to R\$30,000 was only 6 percent of the total loan value, while the rate for loans up to R\$150,000 was 8 percent. The state bank, in effect, subsidized the very largest landowners by refusing to subject them to a "hard budget constraint." Bryant 1998, 43, table 11. Data refer to outstanding loans as of May 31, 1995.

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