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AGRARIAN REFORM IN BRAZIL

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Introduction

In August 1996, the Council of the Community Solidarity Program convened a meeting to discuss agrarian reform. Among those participating were the Ministers of Agrarian Policy and of Agriculture, a representative of the rural landowners, directors of the National Confederation of Agricultural Workers (*Confederação Nacional dos Trabalhadores na Agricultura - CONTAG*) and leaders of the Landless Rural Workers Movement (*Movimento dos Trabalhadores Rurais Sem Terra - MST*), as well as advisors from the Community Solidarity Program itself.

In spite of the persistent disagreements among workers, landowners and government representatives, the discussion convinced the participants that the profound changes underway in the rural areas were irreversible. Moreover, the three groups succeeded in producing a document, something that was unprecedented in the discussion of rural conflicts, that contained seven points of consensus about agrarian reform:

a) a rural development policy is necessary; it should include an agrarian reform program and measures to strengthen family farms;

b) the agrarian reform process requires substantial input from various organizations and from all three levels of government (federal, state and municipal), as well as from the Executive, Legislative and Judiciary powers;

c) the implementation of agrarian reform requires more agile and efficient bureaucratic procedures and greater government administrative capacity;

d) the effective implementation of agrarian reform requires the allocation and timely release of budgetary and financial resources if the government is to achieve its goals;

e) Brazilian agrarian legislation needs to be updated and the legal procedures must be accelerated;

f) the sustainable development of the land settlements is a necessary condition for the success of agrarian reform;

g) the entire agrarian reform process requires cooperation among the pertinent government and non-government actors.

These have been, in effect, the directives that guide my government's actions as we attempt to rectify the inadequate and unjust agrarian structure that Brazil inherited from its colonial past. And much has been done.

In 1996, the number of settlements of *landless* families was five times greater than the annual average of any prior government. We simplified the legal procedures for land appropriations; we provided more financial resources and released them more quickly.

The amendment to the Rural Land Tax (*Imposto Territorial Rural - ITR*), approved in December 1996, increased the rate from 4.5% to 20% for large unproductive landholdings. It simultaneously simplified and facilitated the collection of the tax. The new ITR, by itself, will revolutionize the country's land structure.

The government, in conjunction with Congress, is taking rigorous measures to control violence and to combat impunity. In the legal area, we have already outlawed the unauthorized carriage of weapons. We have sanctioned the law that transfers, from the Military Court to the Civil Court, jurisdiction over crimes against life committed by military

police. Moreover, the Chamber of Deputies is considering two bills, one of which was drafted by the government, that would permit normal criminal courts to try every-day crimes committed by the military police. Another law, approved recently, deals with the crime of torture. Finally, the Chamber of Deputies is debating a proposed constitutional amendment that would grant the Federal Court jurisdiction over human rights violations.

In the administrative area, the Federal Police and the armed forces have joined in a cooperative effort to disarm people in locations of conflict. This is a preventive measure that could reduce significantly violence in the countryside.

By the end of my four-year administration, the government will have resettled at least 280,000 families — about 25% more than were settled by all previous governments combined since 1964. However, it is becoming ever clearer, to both the government and to society, that resettlement is not enough. Of the resettlements made through 1994, some 40,000 families abandoned the land on which they were resettled. The rest remain on the land, but they are totally or partially dependent upon government assistance programs.

While the principal challenge of agrarian reform remains that of giving land to those who do not have any, it is becoming increasingly important to assure that those who are resettled can become productive, self-sustaining farmers.

This is the objective of the new programs that the government has either implemented or is about to implement. The programs are based on the assumption that the federal government must better integrate its resettlement efforts; devolve many of its initiatives to the states and municipalities; and, finally, increase its cooperative relationships with society. These programs are explained in the chapters that follow.

My government is attempting to do its part. It is doing more than was done during any previous period. But we are also aware that more

needs to be done and that, while the land structure is truly unjust, the problem is more complex. Today the problem has just as much to do with the absorption of labor being released by the profound transformation of the rural productive system. What occurred in Europe during the last century is being repeated in Brazil in the second half of the 20th century.

The objective of agrarian reform should not necessarily be to increase agricultural production; rather, it should be to create productive and profitable employment for the thousands of Brazilians who seek their livelihoods in the countryside. Thus, support programs for the small farmer and job creation should accompany agrarian reform measures. This has been our policy.

Agrarian reform is not, therefore, just an economic issue. It is above all a social and moral issue that can be resolved only by a coordination of efforts among the three branches of government and through an effective commitment by the entire society.

Fernando Henrique Cardoso

Agrarian Reform in Brazil

1. The Settlement of Brazil

1.1 The Partition

A few decades after Brazil's discovery, and following an initial phase characterized by trade with the Indians, the Portuguese instituted the system of hereditary land divisions (*capitanias*) and the king assigned them to selected recipients. Brazil was divided into 12 *capitanias*, and these immense tracts of land were bestowed upon men with ties to the Crown. Thus, from the very beginning, the Brazilian land structure was based upon large rural landholdings — the *latifúndios*.

The circumstances of the world market and of the colonial relationships gave rise to the cultivation of a single product — sugar cane — which was developed by exploiting slave labor brought from Africa. This was the system that dominated Brazil's economy for three centuries: large tracts of land owned by the king's friends, slavery, and the cultivation of a single product for export.

In 1822, the independence of Brazil brought a brief period in which, for lack of legislation about land possession, free men occupied modest tracts of vacant land. The number of these squatters, however, was small and did not change the profile of the country's agrarian structure, which remained basically the monocultural *latifúndio* — then based on coffee, which also exploited slave labor and was meant for export to the world market.

In 1850, with the so-called Land Law (*Lei de Terras*), the slave-owning elites closed access to farmlands, establishing that the occupation of public lands would be permitted only upon the payment of large sums of money. The new legislation impeded access to the land for poor whites, mulattos, blacks and European immigrants who were beginning to arrive in Brazil.

1.2 Surplus Labor and Immigrants

The end of the slave trade in Brazil in 1851 sparked an appreciable influx of European immigrants. The Brazilian oligarchies needed a new source of cheap labor to replace the slaves on the coffee plantations in the southeast. The Europeans who had arrived in the south of Brazil a few decades earlier had fared better. At that time, the Brazilian crown needed to populate the territory along the southern frontier. This area was sparsely populated and was threatened constantly by invasions from neighboring countries. It had even declared independence from Brazil during a revolution that lasted ten years (1835-45), but the separatists were defeated.

In the south, the European immigrants received modest plots of land and most of them prospered. This is one of the colonization factors that explains why the state of Rio Grande do Sul has a more balanced ownership and use of land than other states: it has almost no unproductive *latifúndios* and few land title disputes.

The arrival of the European immigrants did more than resolve the problems of territorial occupation in the south and the shortage of cheap labor for the large landowners of the southeast. It was part of the solution for Europe's excess labor force. The modernization of the means of production in the 19th century left large numbers of European workers without employment. The labor market, ceasing to be craft-based and labor intensive, became mechanized. The poor and the rural *landless* peasants in the continent's most undeveloped regions joined those who had no place in Europe's urban labor market.

Excluded from the process of economic development and turned out by modernization, these European masses were left with no other alternative but to abandon their countries in search of a better life in the new world of the Americas — principally, Brazil, the United States and Argentina — in Australia and in some African countries. Thus, they spread throughout the *three* corners of the earth — Asia being the only continent to which they did not go. This exportation of the poor was in part responsible for the eradication of poverty in Europe during the 19th century.

During a period of only 61 years — 1884-1945 — Brazil received nearly 4 million European immigrants, particularly, Italians, Portuguese, Spanish and Germans (see the following table). In addition to these, more than 100,000 Russians

and almost 200,000 Japanese came to Brazil. During this same period, more than 500,000 immigrants, representing various other nationalities (Polish, Austrians, Greeks, Armenians, Dutch, Swiss, Hun-

IMMIGRATION TO BRAZIL (1884-1945)
By Nationality

| | |
|--------------|------------------|
| ITALIAN | 1,412,773 |
| PORTUGUESE | 1,224,603 |
| SPANISH | 573,934 |
| JAPANESE | 188,615 |
| GERMAN | 172,136 |
| RUSSIAN | 108,040 |
| TOTAL | 3,680,101 |

garians, as well as Lebanese, Syrians, Jordanians and Palestinians), chose to live in Brazil.

The world has changed. Today, no country can opt to resolve the problem of its excess urban and rural workers in this way. There are no more vacancies left anywhere on the planet. To the contrary, technological progress, globalization, the opening of markets, and competition have led to a new increase in the number of workers excluded from the productive system. At the same time, immigration barriers are rising everywhere. Each country will have to resolve, internally, its own problems of unemployment and poverty.

Through a historic irony, many of the leaders and participants in today's organized movements of *landless* workers in Brazil are descendants of those poor European farmers who immigrated here in the mid-19th and early 20th centuries. The blue eyes, the light skin, and the Italian, German, Polish and Spanish surnames leave no room for doubt. They are, in fact, the grandchildren and great-grandchildren of those whom Europe excluded in the last century, and they are now struggling in Brazil against being excluded again at the end of the 20th century.

2. The Distribution of Population and of Land

2.1 Characteristics of the Territory

Brazil has 8,547,403 square kilometers of territory. It is the world's fourth largest country in terms of contiguous land in the world, exceeded only by Russia, China and Canada. It is the same size as Europe, excluding Russia. Of these 8.5 million square kilometers of territory, the Amazon accounts for nearly 5 million -- or 59% -- and is almost ten times the size of France. The Amazon rainforest itself covers 3.45 million square kilometers, more than 40% of the country's total area.

Brazil is a country that possesses almost every type of topography, soil and climate. It contains the planet's largest water basin, river (the Amazon), tropical rainforest and ecosystem (the Pantanal of Mato Grosso). It is a territory that extends above and below the Equator. The rural landholdings registered by the Brazilian Institute of Geography and Statistics (IBGE) have some 350 million hectares of productive agricultural land.

2.2 Rural Production

In 1996, Brazil's Gross Domestic Product (GDP) was US\$750 billion. It could reach US\$1 trillion by the turn of the century. Agriculture accounted for 12% of GDP. The service sector represents more than half of GDP, and industry nearly 30%. Grain production increased from 58 million tons in 1984-85 to an estimated 81.18 million tons in 1996-97. Meat production in 1996 was 11 million tons, of which 5.6 million were beef and 4.5 million were poultry.

In 1996, Brazilian exports totaled US\$47.7 billion. Of this, US\$17.9 billion came from the sale of farm products. Soybeans (23.19 million tons in 1995-96), corn (32.43 million tons), rice (10 million tons), wheat (3.2 million tons) and beans (3 million tons) are the principal grains produced in Brazil.

2.3 The Demographic Phenomenon

According to the latest population sampling, conducted by the Brazilian Institute of Geography and Statistics in 1996, the Brazilian population totaled 157 million — the fifth largest in the world after China, India, Russia and the United States. Of this total, 120 million are urban and 32 million are rural.

Brazil experienced one of the most rapid urbanization processes in modern history. In 1950, 70% of the population lived in rural areas; today, a little over 20% are in rural areas. This accelerated rural exodus, which continued until the beginning of the 1990s, has virtually stopped in 1995. Since 1992, Brazil's largest urban centers have practically ceased to grow and the rural population is stabilizing, with a small increase in the number of persons who are 10 years of age or older. One-fifth of the population lives in cities with fewer than 20,000 inhabi-

tants. On the other hand, medium-sized cities in Brazil's interior are experiencing record population growth, which indicates a trend toward a more balanced spatial distribution of the population.

**Resident Population, 10 years of age or more, PEA,
PEA employed 15 or more hours**

(in 1,000)

Brazil: 1981 - 1995

| POPULATION | 1981 | 1992 | 1995 | 1992/81 % per year | 1995/92 % per year | 1995/81 % per year |
|---------------------|---------|---------|---------|-----------------------|-----------------------|-----------------------|
| a) Resident | 119,692 | 146,003 | 152,375 | 1.8 | 1.4 | 1.7 |
| Urban | 85,165 | 113,807 | 120,351 | 2.7 | 1.9 | 2.5 |
| Rural | 34,527 | 32,166 | 32,024 | -0.6 | -0.1 | -0.5 |
| b) Ten years of age | 88,903 | 113,722 | 120,936 | 2.3 | 2.1 | 2.2 |
| Urban | 64,699 | 89,787 | 92,745 | 3.0 | 1.1 | 2.8 |
| Rural | 24,234 | 23,902 | 24,191 | -0.1 | 0.4 | 0.0 |
| c) PEA | 47,304 | 66,206 | 70,232 | 3.1 | 2.0 | 2.9 |
| Urban | 33,410 | 51,132 | 55,199 | 3.9 | 2.6 | 3.7 |
| Rural | 13,894 | 15,075 | 15,033 | 0.7 | -0.1 | 0.6 |
| d) PEA employed | 45,293 | 61,443 | 65,556 | 2.8 | 2.2 | 2.7 |
| non-agricultural | 32,058 | 46,482 | 51,013 | 3.4 | 3.1 | 3.4 |
| (Urban) | 29,000 | 42,990 | 47,144 | 3.6 | 3.1 | 3.5 |
| (Rural) | 3,058 | 3,492 | 3,870 | 1.2 | 3.5 | 1.7 |
| Agricultural | 13,235 | 14,962 | 14,542 | 1.1 | -0.9 | 0.7 |
| (Urban) | 2,536 | 3,692 | 3,703 | 3.5 | 0.1 | 2.7 |
| (Rural) | 10,699 | 11,270 | 10,839 | 0.5 | -1.3 | 0.1 |
| Urban | 31,536 | 46,682 | 50,847 | 3.6 | 2.9 | 3.5 |
| Rural | 13,756 | 14,761 | 14,709 | 0.6 | -0.1 | 0.5 |

Source: IBGE/PNADs 1981, 1991 and 1995. Published data for resident population that is 10 years of age or more; remaining data reprocessed from the original sampling in FSEADE by Fávio Bolliger in order to reconcile the earlier concepts of the PEA and of Occupation with the modifications introduced in the sampling of 1992.

Birth and infant mortality rates are falling sharply. Life expectancy is increasing and the population is aging: it is estimated that, by the year 2000, the country will have more than 13 million people over the age of 65.

3. Agrarian Reform in Brazil

3.1 Historical Perspective

The history of agrarian reform in Brazil is one of lost opportunities. In the 18th century Brazil, still a Portuguese colony, did not have the social movements that democratized access to land and changed the face of Europe. In the 19th century, the specter that spread throughout Europe and served to accelerate social progress did not cross the Atlantic Ocean and affect Brazil with its unjust concentration of land. And, unlike the United States, which, during the period of the settlement of the northeastern and central-west territories, resolved its problem of land access, the Brazilian land settlement — which is still far from complete — continued to follow the old *latifúndio* model, dominated by the same old rural oligarchy.

Although the socialist revolutions of the 20th century — principally, those in Russia and China — attracted the attention of a portion of the Brazilian intellectual elite, their influence was never anything more than theoretical. Nor did Brazil have the type of wars that gave impetus to the agrarian reforms in Italy and in Japan, for example. Neither did the country experience a revolution with a strong rural worker base, like that of Emiliano Zapata in Mexico at the beginning of the century.

Under the First Republic (1889-1930), large areas of land were incorporated into the productive system, and European and Japanese immigrants began to play a relevant role. The number of properties and

of property owners increased, compared with prior decades, but the land structure remained essentially unchanged.

The revolution of 1930, which overthrew the coffee-based oligarchy, greatly stimulated the industrialization process, recognized the legal rights of urban workers, and gave the State the principal role in the economic process, but it did not intervene in the agrarian area. At the end of the Second World War, Brazil returned to democracy and proceeded with its transformation process of accelerated industrialization and urbanization. The agrarian question then surfaced as an issue and the country recognized it as an obstacle to development. The National Congress considered dozens of agrarian reform bills, but none was passed into law.

At the end of the 1950s and the beginning of the 1960s, increased popular participation amplified the debate. The government considered the so-called basic reforms (agrarian, urban, banking and university) to be essential for the economic and social development of the country. Of all the reforms, agrarian reform drew the most attention. In 1962, the government created the Superintendency of Agrarian Policy (*Superintendência de Política Agrária - SUPRA*) and made it responsible for the implementation of agrarian reform.

In March 1963, the Rural Worker Statute (*Estatuto do Trabalhador Rural*) was approved. This statute regulated labor relations in the countryside, which until then were beyond the scope of labor legislation. One year later, on March 13, 1964, the President signed a decree that authorized the expropriation of 10 kilometer strips of land contiguous to federally constructed highways, railways and dams. In a message to Congress on March 15, the President proposed a series of "indispensable and pressing" measures to "address the old and just aspirations of the population." Agrarian reform was at the top of the list.

But time ran out. On March 31, 1964, the military overthrew the President and initiated the cycle of military governments that would endure for 21 years.

3.2 The Land Statute

Soon after taking power, the military added agrarian reform to its priority objectives. It immediately formed a working group, under the direction of the Ministry of Planning, to draft an agrarian reform bill. The group worked fast and, on November 30, 1964, the President, following the National Congress' approval, signed Law No. 4,504, which dealt with the Land Statute.

The text — long, detailed, comprehensive and well prepared -- constituted the first government-drafted agrarian reform proposal in Brazilian history.

Instead of distributing property, the economic model of the Brazilian military regime (1964-84) promoted the modernization of the *latifúndio* by means of strongly subsidized and abundant rural credit. But the ample, cheap money, together with the push for soybean cultivation — to generate large surpluses for export — resulted in the absorption of small rural landholdings by medium- and large-sized properties: soybean cultivation required large properties, and the credits facilitated land acquisition. Thus, the more land a proprietor had, the more credit he received and the more land he could purchase.

The “Brazilian miracle” occurred during this period; the entire economy grew vigorously. The country quickly urbanized and industrialized, without having to democratize landownership or to develop a domestic rural market. The agrarian reform project disappeared as an issue, and the legacy of land and income concentration remained untouched. Brazil is at the door of the 21st century, but it still has not resolved a problem rooted in the 16th century.

3.3 Colonization Projects

Since 1970, the federal government has launched a number of special regional development programs as substitutes for agrarian reform. Among them, the National Integration Program (*Programa de Integração Nacional - PIN*, 1970); the Program for Land Redistribution and Stimulus of the Agro-industry of the North and Northeast (*Programa de Redistribuição de Terras e de Estímulo à Agroindústria do Norte e Nordeste - PROTERRA*, 1971); the Special Program for the San Francisco Valley (*Programa Especial para o Vale do São Francisco - PROVALE*, 1972); Program of Agricultural and Agromineral Centers of the Amazon (*Programa de Pólos Agropecuárias e Agrominerais da Amazônia - POLAMAZÔNIA*, 1974); and the Program for Development of the Integrated Areas of the Northeast (*Programa de Desenvolvimento de Áreas Integradas do Nordeste - POLONORDESTE*, 1974).

The PIN and the PROTERRA were the programs that enjoyed the most attention and received a significant amount of resources. With the goal of occupying the part of the Amazon that is along the Trans-Amazon highway, the PIN created farming settlements and, according to the saying at that time, sought to "integrate the men without land in the northeast with the land without men in Amazônia."

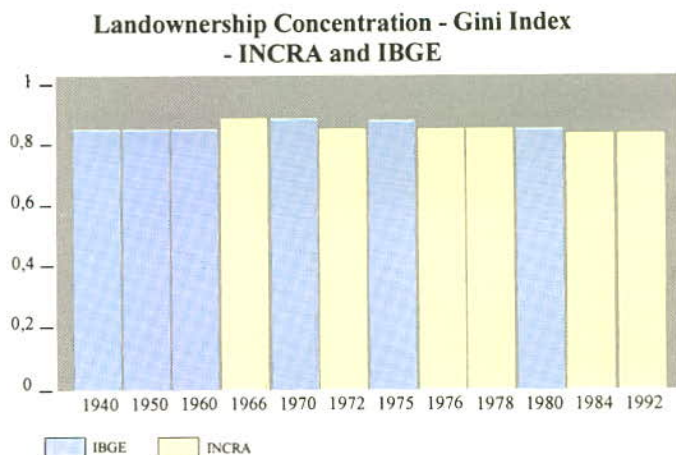
In practice, it turned out that the majority of the nearly 5,000 families that were relocated to the region came from the extreme south of the country, principally the states of Rio Grande do Sul and Santa Catarina, and not from the northeast. Subsequent studies revealed that the program was costly, benefited fewer families than projected, and had an insignificant impact on the region.

The performance of PROTERRA also left much to be desired: the program expropriated parcels of land selected by the owners, paid cash on the spot, and provided highly subsidized credits to the landowners. Four years after its inception, the program had resettled only about 500 families.

3.4 Results

During the first 15 years in which the Land Statute was in force (1964-79), the section related to agrarian reform was virtually abandoned, while the section dealing with agricultural policy was carried out on a large scale.

In total, only 9,327 families benefited from agrarian reform projects, and 39,948 from colonization projects. In Brazil, the Gini¹ index of land distribution increased from 0.731 (1960) to 0.858 (1970) and to 0.867 (1975). This estimate includes only the distribution of land among landowners. If the Gini index considered also *landless* families, it would indicate an even larger concentration: 0.879 (1960), 0.938 (1970) and 0.942 (1975). In truth, the small changes in the concentration of landownership in Brazil over the last 50 years were for the worse, as shown in the following graph.



1 The Gini index measures the degree to which the distribution of income, or of some other resource, is unequal. The index ranges from a minimum of zero to a maximum of one. "Zero" represents no inequality and "one" signifies the highest degree of inequality.

At the beginning of the 1980s, conflicts over landownership intensified in the northern part of the country. This situation resulted in the creation of the Special Ministry for Property Issues (*Ministério Extraordinário para Assuntos Fundiários*), the Executive Group of the Lands of Araguaia/Tocantins (*Grupo Executivo de Terras do Araguaia/Tocantins - GETAT*) and the Executive Group of the Lands of the Lower Amazon (*Grupo Executivo de Terras do Baixo Amazonas - GEBAM*).

However, these three entities achieved very little, legalizing the land titles of only a few thousand squatters. During the six years of the last military government (1979-84), emphasis was placed on granting legal titles to the land. During that period, the government resettled 37,884 families — an average of only 6,314 families per year — all in colonization projects.

During the 1964-84 period, an average of 6,000 families were resettled per year, as summarized in the following table:

| Colonization — Agrarian Reform | | | |
|--------------------------------|--|-------------------|-------------------|
| expropriated areas | | | families assisted |
| hectares | | no. of properties | units |
| 13.5 million | | 185 | 115,000 |

In 1985, the government of President José Sarney prepared the National Agrarian Reform Plan (*Plano Nacional de Reforma Agrária - PNRA*) that was authorized in the Land Statute. The plan's goals were extremely ambitious: the resettlement of 1,400,000 families over a five-year period. However, the five-year plan succeeded in resettling only about 90,000 families.

In the 1980s, the organized social movements defending agrarian reform made a great deal of progress and the state agencies responsible for landed property issues grew in size and strength. Almost every Brazilian state had such an agency and, overall, state-level measures benefited almost as many families as did those of the federal government.

During the Fernando Collor government (1990-92), the resettlement program came to a halt; there was no land expropriated for agrarian reform purposes. The Itamar Franco government (1992-94) resumed the agrarian reform program. It approved an emergency program to resettle 80,000 families, but it succeeded in assisting only 23,000, implementing 152 projects in an area of 1,229,000 hectares.

At the end of 1994, thirty years after the promulgation of the Land Statute, the number of families that had benefited from the agrarian reform and colonization projects of the federal and state governments was on the order of 300,000. This is a rough estimate due to the wide range of criteria used and to the inadequate census data for the 1964-94 period.

RESETTLEMENTS UNTIL 1994

| RESETTLEMENTS | NUMBER | AREA (hectares- million) | No. OF FAMILIES |
|--------------------------------|--------------|--------------------------------|--------------------|
| Agrarian Reform (Federal Gov.) | 850 | 8.1 | 143,514 |
| colonization (Federal Gov.) | 726 | 5.0 | 122,114 |
| states agrarian initiatives | 49 | 14.1 | 85,181 |
| TOTAL | 1.625 | 27.2 | 350,809 |

Source: INCRA

4. Agrarian Reform and the Fernando Henrique Cardoso Government

Don't mislead the electorate! This was the guiding principle of the government program that candidate Fernando Henrique Cardoso presented to the electorate during the 1994 presidential campaign. The promise to resolve Brazil's unjust land concentration problem through an extensive distribution of plots would have had a great deal of electoral appeal, but wouldn't have been feasible in four years. Instead of making easy promises, a realistic commitment was made.

In a time of market globalization, technological sophistication and stiff competition, merely distributing land to the rural poor would have the opposite effect to the one intended: instead of achieving social justice, such an approach would guarantee the perpetuation of poverty in the countryside. Thus, in addition to promoting agrarian reform policies, the new government would have to foster family-based farming. It would have to formulate a strategy to create more and better employment opportunities in rural areas, increasing the production, efficiency and real salaries of rural workers.

Such land policies would entail a revision of legislation affecting land expropriation and property taxes, urbanization of rural areas, landed property regulations, colonization, technical assistance and professional training programs, and infrastructure investments: roads, warehouses, schools and health centers.

Actually, the government is attempting to reform the agrarian reform: to replace the old, narrow vision, which was based simply on land distribution, with a set of public policies more in tune with today's needs. The government's determined effort to find new solutions to an old problem could, effectively, change Brazil's agrarian structure and reduce inequality in the countryside.

This is the direction chosen by the present government, as explained in the following pages.

4.1 The Campaign Commitments

With regard to land distribution, the principal commitment the government undertook during the 1994 campaign was quantified in terms of annual goals to resettle *landless* workers. The government promised to give priority to the workers living in temporary settlements and in precarious conditions along the country's roadsides:

TARGETS

| | |
|--------------|-------------------------|
| 1995 | 40,000 families |
| 1996 | 60,000 families |
| 1997 | 80,000 families |
| 1998 | 100,000 families |
| TOTAL | 280,000 families |

The goal to resettle 280,000 families during four years of government is both modest and bold. It is modest, given the magnitude of Brazil's land problem; it is bold, if compared with what has been done throughout the country's history.

To signal to the society, and internally to the government, that land reform is a public policy priority, President Fernando Henrique Cardoso removed the issue from the jurisdiction of the Ministry of Agriculture. In 1996, he placed the matter under the jurisdiction of the Special Ministry for Landed Property Policy (*Ministério Extraordinário de Política Fundiária*). This Ministry oversees the National Institute for Colonization and Agrarian Reform (*Instituto Nacional de Colonização e Reforma Agrária - INCRA*), the agency charged with formulating and implementing the federal government's resettlement policy.

Today, in addition to having a prominent place on Brazil's social agenda, agrarian reform is beginning to overcome old prejudices and resistance. For the first time, there is a public opinion consensus that agrarian reform is necessary. The struggle for social justice in rural areas, traditionally an issue raised by the political left, today has the support of all segments of society as long as it is done within the law.

This is perhaps the greatest victory obtained to date by the agrarian reform cause in Brazil. It can make land redistribution an irreversible process. The support of society, sought by the government and propelled vigorously by the organized social movements defending the right to landownership, has made it possible for the government not only to achieve, but to surpass somewhat its goals for 1995 and 1996, as shown in the following table:

NUMBER OF FAMILIES RESETTLED
PERIOD 1995 - 1996

| PERIOD | | AMOUNT OF LAND | | FAMILIES RESETTLED | |
|--------|--------|----------------|---------------|--------------------|---------------|
| YEAR | MONTHS | TOTAL AREA | AVERAGE/MONTH | TOTAL | AVERAGE/MONTH |
| 1995 | 12 | 1,242,334 | 103,528 | 42,912 | 3,576 |
| 1996 | 12 | 2,259,918 | 188,326 | 62,044 | 5,170 |
| 95-96 | 24 | 3,502,252 | 145,928 | 104,956 | 4,374 |

Expropriations and Acquisitions

For a country the size of Brazil, the 3,502,252 hectares expropriated or acquired by the government in two years, and distributed among 104,956 families, might not appear to be much. Nevertheless, we are dealing with an expanse of land larger than that of Belgium, for example, and benefiting nearly 350,000 people.

Compared with what was done throughout Brazil's long history, the result is significant: in just two years, the Fernando Henrique Cardoso government has already resettled a number of families equivalent to almost half of what had been resettled previously — 104,956 families compared with 218,033 (excluding the colonization projects). This represents a monthly family resettlement rate seven times that of the average of previous governments (see table)²:

**AREAS USED FOR AGRARIAN REFORM
NUMBER OF FAMILIES RESETTLED
PERIOD: 1964 - 1994**

| PERIOD | | AMOUNT OF LAND | | FAMILIES RESETTLED | |
|-----------|--------|----------------|---------------|--------------------|---------------|
| YEAR | MONTHS | TOTAL AREA | AVERAGE/MONTH | TOTAL | AVERAGE/MONTH |
| 1964-1985 | 252 | 13,851,395 | 54,965 | 77,465 | 307 |
| 1985-1989 | 60 | 4,505,788 | 75,096 | 83,687 | 1,395 |
| 1990-1992 | 31 | 2,581,766 | 83,283 | 42,516 | 1,372 |
| 1993-1994 | 17 | 743,957 | 43,762 | 14,365 | 845 |
| 1964-1994 | 360 | 21,682,926 | 60,230 | 218,033 | 606 |

Expropriations and Acquisitions

2 These numbers are only estimates because the resettlement criteria prior to 1994 were different and because of the absence of a resettlement census.

In 1997 and 1998 alone, the total amount of land that the government will expropriate or purchase represents one-fifth of the entire territory of France, and will be used to resettle at least 180,000 families (see following table).

Areas to be used for Agrarian Reform
Estimate: number of families resettled

| PERIOD | | AMOUNT OF LAND (hectares) | | FAMILIES RESETTLED | |
|--------|--------|---------------------------|---------------|--------------------|---------------|
| YEAR | MONTHS | TOTAL AREA | AVERAGE/MONTH | TOTAL | AVERAGE/MONTH |
| 1997 | 12 | 4,771,987 | 397,666 | 80,000 | 6,670 |
| 1998 | 12 | 5,964,983 | 497,078 | 100,000 | 8,333 |
| Total | 24 | 10,736,970 | 447,374 | 180,000 | 7,500 |

expropriations and acquisitions

By the end of the current administration, in December 1998, at least 285,000 families will have received their parcels of land, about 900,000 people will have improved living conditions, and 14,239,222 hectares will have been expropriated or purchased — the equivalent of three and one-half times the territory of Switzerland or almost half of Italy. Moreover,

Fernando Henrique Cardoso's Administration

| PERIOD | | AMOUNT OF LAND | | FAMILIES RESETTLED | |
|--------|-------|----------------|---------------|--------------------|---------------|
| YEAR | MONTH | TOTAL AREA | AVERAGE/MONTH | TOTAL | AVERAGE/MONTH |
| 1995 | 12 | 1,242,334 | 103,528 | 42,912 | 3,576 |
| 1996 | 12 | 2,259,918 | 188,326 | 62,044 | 5,170 |
| 1997 | 12 | 4,771,987 | 397,665 | 80,000 | 6,670 |
| 1998 | 12 | 5,964,983 | 497,078 | 100,000 | 8,333 |
| Total | 48 | 14,239,222 | 296,650 | 284,956 | 5,937 |

most 6,000 (see table).

Finally, an analysis of the numbers presented thus far indicates that the Fernando Henrique Cardoso government has achieved its goals. In only four years, it will have resettled nearly 60,000 more families than were resettled in the entire previous history of agrarian reform in Brazil.

| PERIOD | FAMILIES |
|-----------|----------|
| 1964-1994 | 218,033 |
| 1995-1998 | 284,956 |

4.2 A Symbolic Act

On November 24, 1995, the Brazilian government corrected an injustice that had been committed three centuries earlier. On that day, for the first time in Brazilian history, a remnant community of the *quilombos* — clandestine organizations of blacks who had escaped from slavery — received legal title to the land that they occupied. This was the Boa Vista community, which is situated along the banks of the Trombetas river, in the municipality of Oriximiná, in the state of Pará.

Fugitives from slavery in the 18th century, the ancestors of the black population of Boa Vista hid themselves in the untouched Amazon forest, lived off the vegetation and some agricultural production, and maintained their traditions and culture. Even after the abolition of slavery in 1888, the blacks could not have property because the government

demanded cash payment for it, which they did not have. Thus, the land that these communities occupy has always been under the threat of outside invaders, miners and lumber companies.

Only in 1988 — exactly one century after the abolition of slavery — did the new Brazilian Constitution guarantee to these communities the legal right to the lands on which they had always lived. In 1995, during the celebration of the 300th birthday of Zumbi dos Palmares — the great black hero in the fight for freedom and the principal symbol of the Brazilian black movement — the government gave the community of Boa Vista definitive titles to its lands.

This initiative was more than symbolic; it established the legal precedent for the other remnant *quilombo* communities, in various regions of the country, to be legalized. Since then, other black communities have received definitive titles to their lands — and this, too, is agrarian reform in action.

4.3 Support Programs

As mentioned earlier, the government's problem is not just providing lands for distribution. If the problem were just that, it could be solved in three or four years. However, giving away land is not sufficient. The various ministries and public institutions that promote the survival of the settlements need to guarantee specific programs and measures: subsidized credits for agriculture and for the construction of homes, roads, warehouses, schools, and health centers; family nutrition and the creation of cooperatives; etc. In other words, the great challenge of agrarian reform today is guaranteeing the economic viability of the settlements.

4.3.1 The Special Credit Program for Agrarian Reform (PROCERA)

This is the government's principal program. It guarantees subsidized resources, half of which the settler will not have to repay to the government. These resources are for financing the entire productive process: working expenses, investments, and payment of the settler's quota to the cooperative to which he belongs. However, these resources do not finance establishment of the economic and social infrastructure of the settlements, which is the responsibility of the government.

Created in 1985, PROCERA did not begin to achieve its objectives until 1993, with the earmarking of 10% of the resources of the Constitutional Funds of the Northeast, North and Central-West (*Fundos Constitucionais do Nordeste, Norte e Centro-Oeste*) and with the increase in its share of the federal budget. The Bank of Brazil, the Bank of the Northeast and the Bank of Amazônia act as the program's financial managers. State-level commissions, comprised of representatives of the settlers, of the social organizations and of the government, are responsible for approving the program's financial program.

In 1995, R\$89 million was applied to benefit some 18,000 resettled families. In 1996, resources grew by 144%: R\$213 million financed 42,000 families. For 1997, the budget is R\$250 million — almost 20% more than last year — to assist 50,000 families (see following table).

| PROCERA | | |
|---------|-----------------|-----------------|
| 1995 | R\$ 89 million | 18,000 families |
| 1996 | R\$ 213 million | 42,000 families |
| 1997 | R\$ 250 million | 50,000 families |

Under PROCERA rules, each family is entitled to receive up to R\$16,000, to be paid back in seven years (in the cases of credits for cooperative payments and for investments), with a two-year grace period and a discount of 50% of the value of the financing. The repayment period for working capital is one year. If the recipient repays on time, he will be entitled to receive a new credit of equal value.

4.3.2 The Threshold (*Lumiar*) Project

In its initial phase of implementation, this project provides a decentralized technical support service for the families of farmers resettled by the agrarian reform program. This is an initiative of the federal government, through the Special Ministry for Landed Property Policy, but its coordination is the shared responsibility of INCRA, the Ministry of Agriculture, the Bank of Brazil, the Bank of the Northeast and the Bank of Amazônia; entities representative of the rural workers; and a representation of the state governments, preferably the Secretary of Agriculture.

The Threshold (*Lumiar*) Project authorizes the formation of local technical assistance and professional training teams to guide the autonomous development of the settlers. For each group of 300 families, there will be one permanent local team, comprised of four professionals — two with university degrees (one specializing in farming, the other in administrative support and community organization) and two technicians. The program's objective is to empower the settlers, through a collective apprenticeship process, to make their settlements autonomous as soon as possible.

Forty teams are already at work, most in the northeastern region, and another 250 are in the selection and training phase. The government's goal is to have 500 teams working in the countryside by the end of the year — 2,000 technicians offering assistance and professional training to 150,000 resettled families, and to 240,000 families in 1998. Last year,

R\$21 million were earmarked for the project and another R\$70 million are planned for 1997, of which R\$11 million are already secured.

| THE THRESHOLD (Luminar) PROJECT | |
|---------------------------------|--|
| | People Participating 40 teams working 250 teams in selection and training |
| | Goals — 1997 500 teams 2,000 technicians 150,000 families |
| | Resources 1996 - R\$ 21 million 1997 - R\$ 70 million |

4.3.3 The Emancipation Project

The rural settlements were never emancipated. In other words, they have remained since their creation under federal government tutelage, under the supervision of INCRA. In some cases, and mainly in the colonization projects, this dependence has lasted for more than 20 years. Even the oldest known colonization project in Brazil, which was founded in 1927, still has not been emancipated.

This situation is unacceptable and unjust because the entire society is paying the cost. This procedure has created a new form of paternalism that benefits those farmers to the detriment of the rest of the country's small landowners and of the poorest segments of the urban and rural population.

That is why the government created the Emancipation Project, to guarantee to each beneficiary of the agrarian reform program his right to economic independence. We will consider the settlements to be emancipated when their capacity to absorb more families is exhausted, their ownership situation is defined, their basic services completed or nearly in place, and their community socially and economically integrated into the local and regional economies.

In 1997, INCRA's emancipation efforts will concentrate on 650 old colonization and agrarian reform projects encompassing 180,300 families, distributed as follows: 48 colonization projects, 129 agrarian reform projects already in their emancipation phase, and 473 projects in their consolidation phase.

4.3.4 Inter-American Development Bank (IDB) Program

An Inter-American Development Bank (IDB) pilot project will support the emancipation process for nearly 25,000 families, preferably in the country's northern and northeastern regions. In addition to financing infrastructure works and environmental protection, the IDB will provide technical and technological assistance to the farmers. The program's resources will total R\$250 million — R\$150 million from the IDB and R\$100 million in matching funds from Brazil.

4.3.5 The Land Cooperative (*Cédula*) Program

This program, negotiated with the World Bank (IBRD), will function along the lines of a cooperative letter of intent and will be the pilot experiment of a new model of land policy, integrated into the market and independent of the government at each stage of the process. The formula is simple: a group of *landless* farmers identifies a tract of land in which it is interested, prepares a summary legal brief for its acquisition, and presents it to the state-level technical entity. If the proposal is approved, the group will receive financing for the purchase, with a repayment period of 20 years. For this purpose, INCRA will sign

agreements with the Bank of Brazil and with regional banks like the Bank of the Northeast, which will initially administer the program.

The Land Cooperative Program can be expanded for any undertaking, including private corporations and non-governmental organizations. For this pilot experiment, the source of financing was divided as follows: R\$45 million from Brazil and earmarked for land purchases; R\$90 million from the World Bank for financing collective, productive and social infrastructure; and R\$15 million in matching funds from the interested groups of workers — a total of R\$150 million.

4.3.6 The “Casulo” Project

This is a proposed partnership of the federal government with the states and municipalities to decentralize and to accelerate the implementation of agrarian reform projects. The program will be launched in the first half of 1997. It empowers municipal and state governments, along with INCRA, to register *landless* farmers and to identify public municipal and state lands that are available or that can be acquired. The federal government will guarantee the financing and will divide the costs of social infrastructure with the states and municipalities.

If 20% of the more than 5,000 Brazilian municipal governments adhere to the Seed Project, and resolve to resettle only 20 families each, 20,000 families will receive land, in a short period of time and at the lowest possible cost for all involved. This is a good arrangement for the city governments because it is a proven fact that successful resettlements stimulate and invigorate the local economy, providing economic and social benefits to the entire community.

4.3.7 Other Measures

- The First Brazilian Landed Property Atlas: Prepared by the Special Ministry for Landed Property Policy and published in 1996, the atlas shows that the profile of land concentration in Brazil has changed little over the past 40 years. Based on these data, the government was able to accelerate the agrarian reform process and, mainly, to reevaluate the country's agrarian legislation.

- Internet: Since July 1996, INCRA has integrated itself into the world computer network. All relevant data of the National Program for Agrarian Reform — resettlements, expropriations, acquisitions, budget, etc. — are available to any citizen at the INCRA website (<http://www.incra.gov.br>).

4.4 Resources

An analysis of the federal government's expenditures for colonization and agrarian reform projects since 1980 reveals a remarkable increase in the amount of resources employed since 1990. In constant dollar terms, in 1990 the government spent US\$70 million; in 1993, US\$459 million; and in 1994, US\$390 million.

| In the first year of the Fernando Henrique Cardoso government, annual expenditures for agrarian reform jumped again: from US\$390 million in 1994 to US\$971 million in 1995 — | AGRARIAN REFORM / COLONIZATION EXPENDITURES (values in US\$ 1,000 - constant dollars) | | | |
|--|--|------------|------|--------------|
| | 1980 | 1988 | 1988 | 1,248,638.01 |
| | 1981 | 42,540.43 | 1989 | 150,458.63 |
| | 1982 | 49,428.66 | 1990 | 70,085.02 |
| | 1983 | 56,770.79 | 1991 | 240,242.53 |
| | 1984 | 25,817.53 | 1992 | 107,137.98 |
| | 1985 | 27,956.51 | 1993 | 458,812.07 |
| | 1986 | 146,186.03 | 1994 | 390,168.21 |
| | 1987 | 145,562.94 | 1995 | 970,911.17 |

Source: MF/STN

an increase of 149% (see table).

In just two years of government, close to R\$ 2.7 billion were spent, distributed as follows:

AGRARIAN REFORM EXPENDITURES

| | |
|--------------------|----------------------------|
| 1995 | - R\$ 1,277 million |
| 1996 | - R\$ 1,405 million |
| subtotal | - R\$ 2,683 million |
| to be paid in 1997 | - R\$ 302,000 |
| Total | - R\$ 2,985 million |

The budget foreseen for 1997 is almost equal to the entire amount spent on agrarian reform during the first two years of the administration and represents an increase of 50% over the 1996 expenditures:

1997 - R\$ 2,597,954,286

5. The *Landless*: Who and How Many Are They?

How many *landless* families are there in Brazil?

The available estimates vary greatly. According to some social organizations, there might be as many as 4.8 million *landless* families. On the other hand, the National Plan for Agrarian Reform (*Programa Nacional de Reforma Agrária - PNRA*), written in 1985 by 100 academics, estimated the number of potential beneficiaries at six to seven million families, including squatters, renters, sharecroppers, rural salaried employees, and small landowners. Based on these numbers, the PNRA established the goal of resettling 1.4 million families by 1989. It resettled 90,000. In turn, the Food and Agricultural Organization (FAO), an organ of the United Nations, estimates that there are 2.5 million who would benefit from agrarian reform in Brazil.

Based on the Farm Census of 1985, it is known that nearly five million workers earn some type of remuneration in the countryside, and 56% of them are *temporary* salaried workers. In general, they live in the cities and work in the countryside; their employment is uncertain and varies according to the harvest cycle and the demand for labor. They are the migrant workers (*bóias-frias*).

The remaining 44% of the workers are *permanent* salaried employees, rural laborers with a fixed place of employment. In general, they are more qualified: tractor operators and foremen in agriculture, and cowboys and inseminators in cattle farming. In addition to these, another

470,000 are rural workers classified as sharecroppers who are paid in kind, i.e., a percentage of the crop. Taken together, these categories of rural workers number almost 5.5 million people.

In the southern, southeastern and part of the central-west regions of Brazil, the capital structure in the countryside is advanced, the agriculture is modern, and farm production is managed by true rural companies that incorporate high levels of mechanization and technology. In these regions, the workers' basic concerns are typical of the capitalist labor market: better salaries and working conditions, respectable retirement, transportation, health, controlled use of pesticides, etc. For the majority of these workers, these demands are more relevant than the struggle for land.

5.1 The Price

How much does society pay for the resettlement of one *landless* family?

These estimates vary also. The government estimates the cost to resettle one family to be around R\$ 40,000. In some regions of the country's central-south, where land is more expensive, this sum could be the amount paid just for the plot of land. However, the average cost of the land for a resettled family is R\$ 20,000.

There are other costs. Upon receiving its plot of land, each family receives a credit of R\$340 for food. Then it obtains a R\$ 740 development credit, a totalling R\$ 1,080 as establishment credit, and a R\$2,000 credit for construction of a house.

The next step is to register with the Special Credit Program for Agrarian Reform (*Programa de Crédito Especial para a Reforma Agrária - PROCERA*), which provides access to three lines of financing: an expense credit — R\$1,000; an investment credit — R\$7,500; and a cooperative credit — R\$ 7,500, for the family to pay for its quota to the settlement's cooperative (see table below).

The government provides half of these resources as a grant — the family does not have to repay them. The family has to repay the other half over seven years, with a two-year grace period. The family has to reimburse the government for half the R\$ 1,000 expense credit in one year. In practice, however, the family does not always pay. Nevertheless, if it does pay, it earns the right to receive a new credit of more than R\$ 1,000, with the same repayment conditions.

COST OF RESETTLEMENT PER FAMILY

| | |
|--|----------------------------------|
| ESTABLISHMENT CREDIT | INVESTMENT CREDIT R\$ 7,500 |
| (Food credit) R\$ 340 | COOPERATIVE CREDIT R\$ 7,500 |
| (Development credit) R\$ 740 | TOTAL CREDITS R\$ 19,080 |
| HOUSING CREDIT R\$ 2,000 | LAND-AVERAGE PRICE R\$ 20,000 |
| PROCERA EXPENSE CREDIT R\$ 1,000 | TOTAL EXPENDITURE R\$ 39,080 |

In summary, the goal to resettle 100,000 families in 1998 represents an outlay on the order of R\$ 4 billion.

5.2 The Social Movements

Two rural worker organizations stand out among the social movements that are fighting to democratize access to land and to improve working conditions and salaries in the countryside: the National Confederation of Agricultural Workers (*Confederação Nacional dos Trabalhadores na Agricultura - CONTAG*) and the Landless Workers Movement (*Movimento dos Trabalhadores Sem-Terra - MST*).

Older and larger, the CONTAG is organized throughout the country. It has five million members, organized into 3,200 unions and 24 state federations. Both the CONTAG and the MST support officials elected by various political parties, including those that make up the government's support base in the National Congress and in the state legislatures.

The MST started in the state of Rio Grande do Sul at the beginning of the 1980s, during the period of military rule, as the result of a coordinated effort to occupy idle lands. These occupations, by rural workers who called themselves *landless*, multiplied and spread to other states. This was the origin of the movement, which came into formal existence in 1985, when it held its first national congress.

5.3 The Conflicts

The majority of land conflicts in Brazil originate in the absence of legal titles and of boundary markings on lands that are already occupied. Those who are most vulnerable to violence are the small squatters (*posseiros*). In Brazil, there are more than one million squatters, the vast majority of whom are small farmers. They are not landowners, but live and work either on large private farms that are little used by their owners or on vacant public lands.

The small squatters are constant victims of land-grabbers (*grileiros*), who frequently drive out the former, who in turn occupy Indian lands, creating a tense situation. That is why, in areas of recent occupations, the most important measure taken to reduce violence is not the expropriation of land, but rather the granting of legal titles to protect the legitimate squatters from the land-grabbers.

In the last few years, two regions have become renowned because of their potential for violent conflicts: the Pontal do Paranapanema in the far-west of the state of São Paulo, bordering the states of Paraná and Mato Grosso do Sul; and the state of Pará, in northern Brazil — an area twice the size of France and with 80% of its territory covered by the Amazon rainforest.

In Pontal do Paranapanema, the conflicts originate in the lack of land titles. Since the time when the large landholders colonized the region at the beginning of the century, there has not been a satisfactory definition of the legal status of the property. The state government does not recognize the legitimacy of the documents of the farms located in this area, considering the lands to be vacant and, therefore, public.

Every attempt made by successive state governments to resolve the problem has failed due to political pressures, budgetary difficulties and the slow progress of the lawsuits in the justice system. The federal government has transferred R\$30 million to the São Paulo state government to pay for the improvements on the unoccupied lands that are being prepared for agrarian reform. In 1996, the government resettled 1,900 families in Pontal do Paranapanema.

In Pará, the property situation is chaotic: there are immense unused and undocumented farms; widespread land-grabbing, including on Indian lands; and prospectors and clandestine woodcutters, principally of mahogany.

Moreover, there have been no adequate alternatives for resettling families displaced by large farming projects and by the construction of hydroelectric dams like Tucuruí.

Today, the country is paying the price for past mistakes that have transformed part of Pará into a permanent area of conflict. To confront

the problem, the Special Ministry of Landed Property Policy created a new superintendency within INCRA, in the city of Marabá. Thus, Pará has become the only state to have two superintendencies — one in the capital, Belém, and the other in the interior.

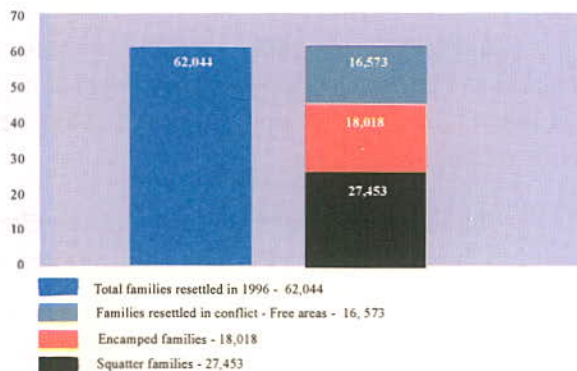
The government is determined to intensify the agrarian reform measures in the region. In 1996, the government resettled 10,000 families in Pará — one-sixth of the 60,000 families resettled in all of the country.

5.4 The Land Settlements

Last year, the majority of agrarian reform actions concentrated on areas where violent conflicts threatened the lives of workers. Thus, of the 62,044 families resettled in 1996, 45,471 were in areas of conflict where quarrels had been resolved and land possession legalized.

Of the families resettled in areas of conflict, 27,453 were squatters and 18,018 were from encampments (*acampados*) — the latter being groups of *landless* people who stay on or around a rural property, along the roadsides, in temporary and precarious conditions. Nevertheless, they are organized and live collectively. The government resettled another 16,573 families in areas that were free of conflicts.

LAND SETTLEMENTS - 1996



Source: SR's, december 1996 - support: INCRA/UNDP (agreement)

In achieving its goals for 1996, the government sought to respond to the demands of the principal social organizations defending landownership. Thus, of the 226 areas that the CONTAG proposed for agrarian reform, 28 were non-viable and, of the remaining 198, the government expropriated or acquired 100. For its part, the MST proposed 196 areas: the government determined that 15 were non-viable for agrarian reform, and it expropriated or bought 126 of the remaining 181.

Last year, the government expropriated a total of 575 rural properties — an increase of 180% over 1995 (205 expropriated properties). Land acquisition also increased: in 1995, the government bought 24 rural properties and, last year, 38. Thus, in two years, the government expropriated 780 properties and bought another 62.

The number of agrarian reform projects created in 1996 grew significantly: 435 compared with 310 in 1995. This gives a total of 745 new projects in two years that allowed the resettlement of 74,952 families: 32,710 in 1995 and 42,242 last year. In implementing the older agrarian reform programs, the government resettled 19,802 families last year and 10,202 in 1995 (see the following table).

| EXPROPRIATED PROPERTIES | | PURCHASED PROPERTIES | | PROJECTS CREATED | |
|-------------------------|--------|----------------------|--------|------------------|--------|
| Year | Number | Year | Number | Year | Number |
| 1995 | 205 | 1995 | 24 | 1995 | 310 |
| 1996 | 575 | 1996 | 38 | 1996 | 435 |
| Total | 780 | Total | 62 | Total | 745 |

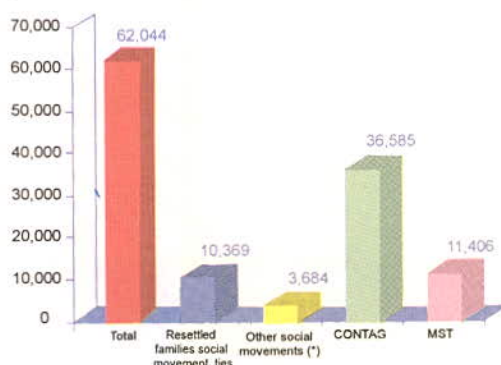
FAMILIES RESETTLED

| Year | Old Projects | New Projects | Total |
|-------|--------------|--------------|---------|
| 1995 | 10,202 | 32,710 | 42,912 |
| 1996 | 19,802 | 42,242 | 62,044 |
| Total | 30,004 | 74,952 | 104,956 |

The government has also sought to respond to the demands of the social organizations in its selection of families for resettlement. An analysis of last year's resettlements indicates that, of the 62,044 families resettled, 11,406 were part of the MST, 36,585 had ties to the CONTAG, and 3,684 belonged to other social movements, such as the Struggle for Land Movement (*Movimento de Luta pela Terra - MLT*), and the Pastoral Land Commission (*Comissão Pastoral da Terra - CPT*), an entity of the Catholic Church with ties to the National Conference of the Bishops of Brazil (*Conferência Nacional dos Bispos do Brasil - CNBB*). The other 10,369 families resettled in 1996 had no ties to a social movement (see graph).

SOCIAL MOVEMENTS

(Source: SR's December 1996 - Support: INCRA/UNDP Agreement)



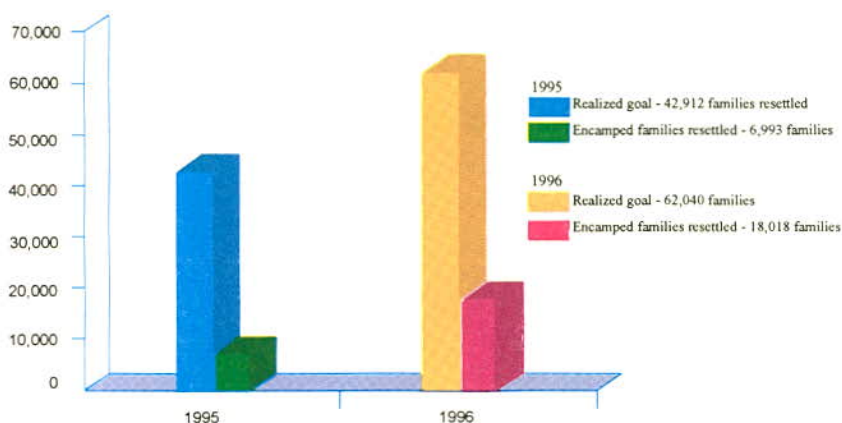
(*) Pastoral Land Commission (CPT); Struggle Movement (MLT) etc.

The most dramatic situation is that of the encamped families, given the terrible conditions in which they live. The government is committed to giving these families priority for resettlement.

In 1995, there were about 29,034 encamped families registered by INCRA, of which 6,993 had been resettled — corresponding to 24% of the encamped families and 16.3% of that year's resettlements — leaving an additional 22,041 families. In 1996, in addition to the number not settled the prior year, another 21,111 families surfaced, resulting in a total of 43,152 encamped families. Of these, the government resettled 18,018 families — 41% of the encamped families and 29% of what was accomplished in 1996, leaving 25,371 families for 1997 (see graph).

ENCAMPED FAMILIES RESETTLED

(Source: SR's December 1996 - Support: INCRA/UNDP Agreement)



These data lead to three conclusions:

a) In 1996, there was a 257.6% increase in the resettlement of encamped families compared with 1995, even taking into account a 48% increase in the total number of encamped families from one year to the next.

b) Even so, 1997 began with 15% more encamped families — 25,371 — compared with how many there were at the end of 1995 — 22,041. This in spite of the government having resettled, during those two years, 25,011 encamped families. Thus, the number of encamped families in 1997 is almost equal to that which the government resettled over the past two years. If this trend continues, we will never see an end to the process: the more we resettle, the more there will be to resettle.

c) By implementing an effective resettlement policy for encamped families, the government is feeding the expectations of a growing number of people, possibly unemployed, who have no relation to the countryside. They go to the encampments hoping to receive a tract of land. Therefore, the very solution is creating new demands.

In January 1997, the data on the evolution of the encampments were as follows:

| | |
|---|--------|
| - <i>encamped and registered families in 1995</i> | 29,034 |
| - <i>encamped families resettled in 1995</i> | 6,993 |
| - <i>remaining encamped families in 1995</i> | 22,041 |
| - <i>encamped and registered families in 1996</i> | 43,152 |
| - <i>encamped families resettled in 1996</i> | 18,018 |
| - <i>remaining encamped families in 1996</i> | 25,134 |
| - <i>encamped and registered families in January 1997</i> | 25,371 |
| - <i>of these, those tied to the MST</i> | 20,297 |
| - <i>those tied to the CONTAG and other movements</i> | 5,074 |

The encampments of *landless* families are concentrated principally in four states: Paraná, Mato Grosso do Sul, Goiás and Pernambuco. Sixty percent of the encamped families, i.e., 14,621, are found in these four states. The state of Paraná alone contains 26% of all these families. The encampment on just one farm has 2,900 families, or 44.6% of the total registered in Paraná. The following is the distribution, by region, of the encamped populations:

| | |
|--------------|-----------------|
| SOUTH | 9,100 families |
| CENTRAL-WEST | 6,665 families |
| NORTHEAST | 6,256 families |
| SOUTHEAST | 2,450 families |
| NORTH | 900 families |
| TOTAL | 25,371 families |

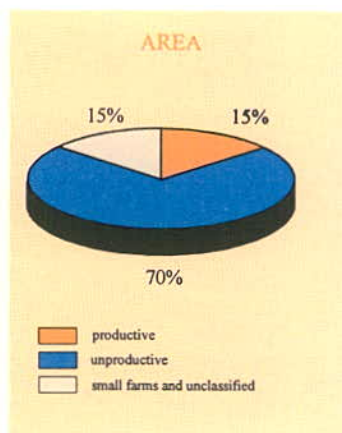
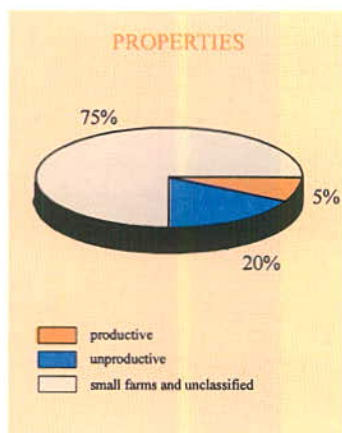
5.5 The Availability of Land

The federal government began 1997 with enough expropriated land to resettle 40,000 families — half of the goal for this year, which is to resettle 80,000 families.

Data collected in the INCRA land registration of 1992 indicate that 150 million hectares of rural land, located on approximately 55,000 properties, are classified as large and unproductive. This is an expanse of land three times the size of France.

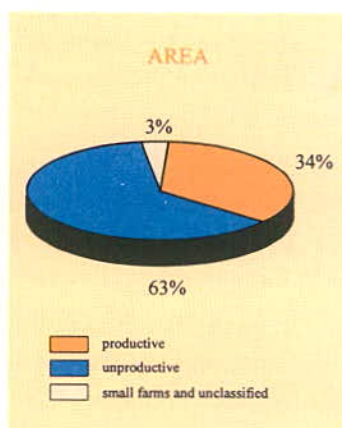
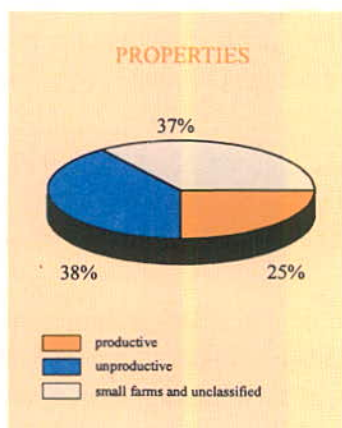
Nevertheless, 70% of this area — or almost 100 million hectares — is located in the northern and central-west regions of the country, largely in dense and unhealthy forests without roads, transport systems, energy or communications. Another 25 million hectares are located in the northeast, largely in the hinterland, with little water and poor soil (see the following graphs).

Northeast Region (by classification)



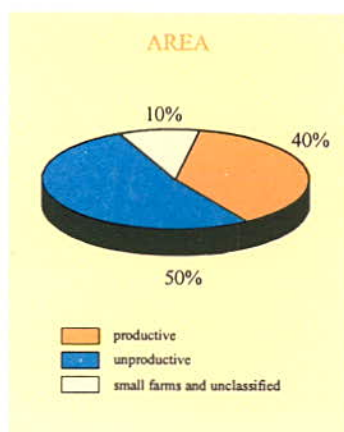
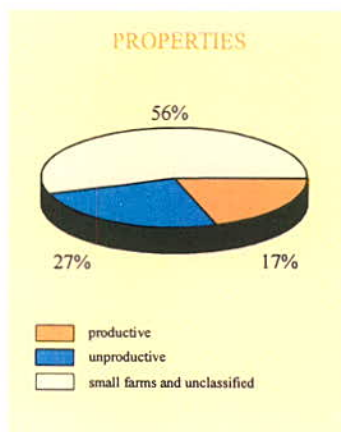
Source: Brazilian Landed Property Atlas - National Rural Registration System - August 1996

Central-West Region (by classification)



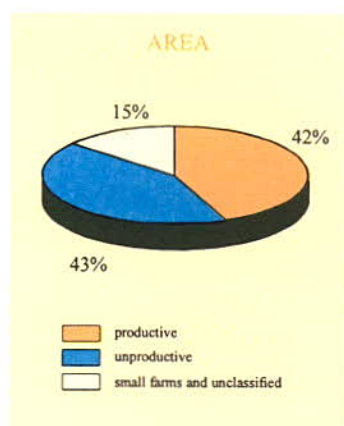
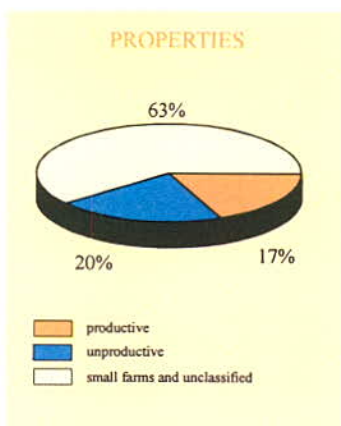
Source: Brazilian Landed Property Atlas - National Rural Registration System - August 1996

Southeastern Region (by classification)



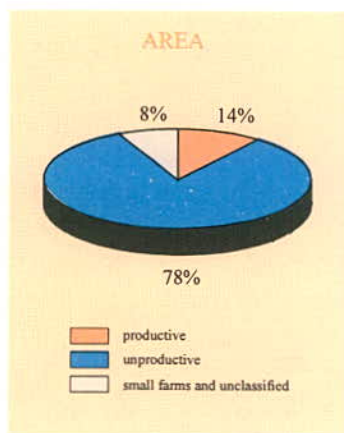
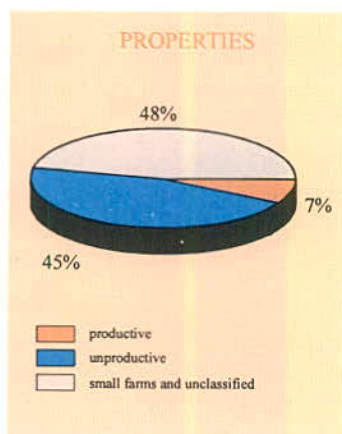
Source: Brazilian Landed Property Atlas - National Rural Registration System - August 1996

Southern Region (by classification)



Source: Brazilian Landed Property Atlas - National Rural Registration System - August 1996

Northern Region (by classification)



Taking into consideration that these territories cannot be occupied in the short term, the supply of lands that are suitable for the immediate implementation of viable agrarian reform projects will be substantially smaller than those 150 million hectares. Even so, it constitutes an area of 25 million hectares — roughly the same size as Portugal, Switzerland, Belgium and Hungary combined.

This number is quite close to that reported in the IBGE's 1985 farm census — 24.5 million hectares of unused productive land in the country.

According to the IBGE definition, 56% of these unused lands belong to rural properties of less than 1,000 hectares. Moreover, the farms are not always entirely unproductive, but rather have unused parcels of land within the properties. This situation puts into question the expropriation of the entire properties for agrarian reform purposes.

It is true, however, that there are considerable unoccupied federal and state lands, principally in the frontier regions, that are being considered as part of Brazil's landed property restructuring process. The army has even offered part of the lands under its jurisdiction for rural resettlement programs.

However, the unoccupied lands, because of their large size — together they measure almost seven million hectares, or twice the size of Belgium — need to be parceled differently than has been done traditionally. These special projects need to give priority attention to the commercialization and the local processing of farm production.

Clearly, it is still a priority to define the lands available for resettlement; their geographic location; and their social, production and commercial infrastructures. In 1997, the IBGE should report the results of its 1996 farm census, thereby providing more current data.

In conclusion, though enough land is available to accomplish the agrarian reform objectives, there certainly are not 150 million hectares ready for the resettlement of millions of *landless* families, if the government would only expropriate them.

Finally, one should consider the limits imposed by ecological concerns and by the problem of Indian lands. Society and government share responsibility for guaranteeing the preservation of Indian lands. Until a few years ago, agricultural expansion and irresponsible land redistribution were threats to the survival of the Indian populations, which today are protected by the accelerated demarcation of their territories.

Similarly, the national expropriation and resettlement projects must be compatible with the preservation of the Amazon forest, the Mata Atlântica forests, the savannas of the Central Plateau, the Mato Grosso Pantanal, and other ecosystems.

5.6 Value and Ownership Concentration

Brazil's perverse concentration of landownership is demonstrated in the following table:

Evolution of Brazil's Landownership Structure
(% of total rural properties)

| PROPERTIES | 1966 | 1972 | 1978 | 1992 |
|------------------|--------|--------|--------|--------|
| ≤ 100 hectares | 20.4 % | 16.4 % | 13.5 % | 17.9 % |
| > 1,000 hectares | 45.1 % | 48.3 % | 55.5 % | 50.0 % |

Source: INCRA

We can gauge landownership concentration also by the growth, in absolute numbers, of large rural properties. The official real estate census of 1966 identified 41,000 properties with an area of 1,000 hectares or more, occupying a total of 139 million hectares. In 1978, there were 57,000 properties of this size, totaling 246 million hectares — a 77% increase in territory occupied by large properties. The 1992 census listed a total of 43,000 properties, totaling 165 million hectares.

In general, the land structure remained virtually unchanged: less than 2% of all registered properties, represented by the segment of large properties of 1,000 or more hectares, continue to control more than 50% of all registered land.

During the last three decades, a series of factors have fostered speculative investment in land as a store of value. Many financial agents,

with no ties to farm production, have added large landholdings to their portfolio.

Among these factors, the following stand out: a) a source of prestige and power — in many regions of the country, control of land still translates into control of votes; b) economic instability and inflation make land, the value of which stays ahead of inflation, a safe investment; c) legitimization of earnings that are of questionable origin, since tax legislation on agricultural property and income is flexible and generous; d) the Rural Land Tax is largely symbolic; e) income tax evasion; and f) access to subsidized credit.

The current government has taken a series of measures to eliminate some of these factors:

a) Implemented a successful economic plan that brought down chronic inflation from 80% per month to 10% per year, in 1996, and to less than 1% per month in the first two months of 1997, and assured economic stability;

b) Radically changed the Rural Land Tax, as explained later;

c) Expropriated unproductive lands on a large-scale for the purpose of agrarian reform;

d) Improved income tax collection procedures;

e) Terminated the generalized subsidies and the subsidized rural credits; and

f) Inserted Brazil into the competitive world market and increased the country's economic openness, which forced large property owners to sell part of their lands in order to invest and to improve the efficiency and productivity of the lands they retained. The same thing is happening with banks and large corporations that have held extensive land areas

solely as a store of value and as a means of safeguarding their assets. They are now selling the land to invest in the modernization of their principal business activity.

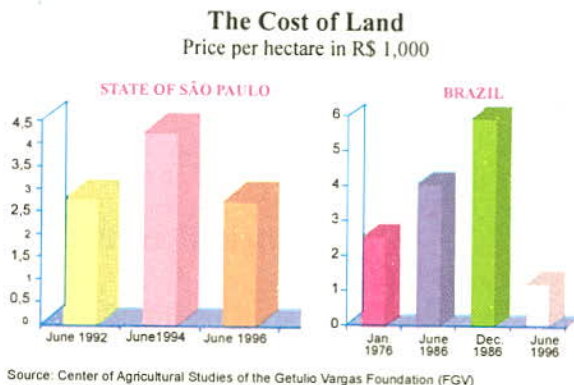
Over the last two years, these sales have resulted in one of the largest crises that the Brazilian real estate market has ever faced. The average price of land has plummeted and there is an almost total lack of liquidity. These are two sides of the same coin: if it is bad for the unproductive landowners, it is good for the agrarian reform process. Never before in Brazil has there been so much land for sale at such a low price.

According to data collected by the Fundação Getúlio Vargas' Center for Agricultural Studies, a hectare that cost R\$4,170 in June 1986, was valued at R\$1,350 in June 1996. In the state of São Paulo, where the most expensive land in the country is located, the price of a hectare in June 1996 was 35% less than in it was in June 1994, when the government introduced the currency stabilizing *Real Plan*.

In Minas Gerais, also a region of expensive land, more than 5,000 farms that are considered unproductive are for sale, which is equal to almost the entire amount of the state's unused land. The price of productive lands, on the other hand, has increased. In the Triângulo Mineiro region, one of the most prosperous in Brazil, the price of an *alqueire* (4.84 hectares) has increased from an average of R\$2,900 to R\$4,800. The practice of large-scale leasing — a unique agrarian reform experiment that was carried out in the region and that will be analyzed later — also is responsible for the appreciation of land values.

In the state of Rio Grande do Sul, which is a large producer of meat and grains and has the most even distribution of landownership in Brazil, land prices have fallen also — between 30% and 50%, depending on the region. Properties that were selling for R\$ 2,000 per hectare are now going for as little as R\$ 800.

The profound transformation and reform through which Brazil is passing will eventually cause landownership to lose its speculative character. Land will stop functioning as a store of value and will fulfill its social and economic function, creating a more equal society.



6. Small Property and Other Initiatives

Throughout its history, Brazilian agrarian reform has been more of an instrument to reduce social tensions than a strategy of social-economic development. Today there is a consensus that rural development policy should include both agrarian reform and the strengthening of small property ownership and of family agriculture, as well as the creation of more employment and better income opportunities in the countryside.

Large landed property ownership has always dominated Brazil's rural areas, relegating small properties and family farming to an inferior status and, at times, causing their neglect during the formulation of public policy. Successive governments encouraged monoculture and mechanization as the "model" of "modern" and "rational" agriculture. The result was a massive exodus of small proprietors and rural workers from the countryside to the cities.

The Brazilian urban-industrial sector was incapable of creating, quickly enough, sufficient employment to absorb all those who were displaced by the rural modernization. Thus, while people in the United States left the countryside because of the attractiveness of the cities, the Brazilians left the countryside for the cities because strong forces were driving them out. Expelled from the countryside, these men and their families constituted the ranks of poorly employed, under-employed and unemployed in the outskirts of Brazil's large cities. This is how the dramatic social portrait of profound inequality, which still exists today, came into existence.

The numbers representing Brazil's abrupt urbanization process are revealing: in 1940, the Brazilian population numbered 41 million, 70% rural and 30% urban. By 1980, the population had tripled, reaching 121 million, of which 68% — 82 million people — lived in the cities. In just five decades, the proportions reversed dramatically: today, Brazil has more than 150 million inhabitants, 75% urban and 25% rural.

This accelerated urbanization and industrialization constitutes a rarity in the history of modern civilization, comparable only to the so-called "Asian tigers," like South Korea or Taiwan. In Europe, the industrial revolution took 150 years to complete its cycle and to alter significantly the population's lifestyle.

Brazil skipped over several phases in its rush to industrialize and to urbanize, thereby foregoing a process that is indispensable for growing more evenly and with more equality: that of decentralization and protection of the weak.

6.1 The World of the Small Farmers

In the fight against the wealth-concentrating agricultural model and against social inequalities, and for overcoming poverty, policies supporting and strengthening small rural producers could be as relevant as agrarian reform is in democratizing landownership. The policy of resettling the *landless* could become ineffective if it fails to reverse the rural exodus of the small farmers; it won't be able to compete with the process of de-settlement which, in practice, is a reversal of agrarian reform.

There are 4.5 million family farmers. The majority of them are poor, but they provide a livelihood for 17.6 million people, among them share croppers and unpaid family members — people who work on their own land or are lessees paying for the right to work the land of others.

Although family farms occupy only 25% of the total area, they utilize 80% of the personnel employed in the countryside and produce

half of all Brazilian farm output. The corporate farming enterprises produce more beef, sugar cane, rice and soybeans; the small farmers produce more beans, corn, wheat, cassava, potatoes, coffee, cocoa, pork, poultry, milk, eggs, vegetables and fruits.

Excluded from rural credit mechanisms and disregarded by official agricultural policies, the small producers had been overwhelmed by corporate business expansion in the countryside, losing their lands and ceasing their production. The actions of the National Rural Credit System (*Sistema Nacional de Crédito Rural - SNCR*) also are a chronicle of exclusion: less than 20% of rural settlements had access to the system's highly subsidized financing. There was a large concentration even among those who received credit — there was a period when 1% of the largest borrowers received 38% of all loans.

For two decades, loans for farming activities, a principal instrument of agricultural policy, charged negative real interest rates. In the second half of the 1970s, borrowers paid, on average, less than 50% of what they had received. In this way, the borrowers, who did not always apply the money to their farming activities, received billions of dollars in transfers.

The majority of the resources spent on other agricultural policy instruments, like minimum prices, farm insurance, storage, technical assistance and research, flowed directly or indirectly to the largest property owners. Focusing the benefits on a small number of farmers caused an increase in landownership concentration and in rural poverty.

The report that the Brazilian government took to the Copenhagen conference — the world summit for national development — shows that Brazil's poverty has a strong regional factor and is a markedly rural phenomenon. Almost 43% of the country's indigents are concentrated in the countryside. The rural area of one region alone — the northeast — contains 32% of all the poor in Brazil.

To guarantee the survival of small farmers and to modernize, train, and make family farmers more efficient and productive would improve the lives of almost 20 million people. Moreover, it would have a multiplying effect on income in the small interior cities, with positive consequences for creating local and regional employment.

During the last two years, this has been the strategy followed in formulating public policies for rural areas, as will be explained below.

6.2 Government Programs

6.2.1 The National Program to Strengthen Family Farming (PRONAF)

Created during the current administration and subordinated to the Ministry of Agriculture and Food Supply, PRONAF provides credit at favorable interest rates to small family farmers — owners, squatters, renters or sharecroppers — and to production cooperatives and associations as long as they are formed by small producers. The borrowers can use these resources to cover harvest and farming expenses or to invest: machinery, equipment, new or used production goods, and other indispensable infrastructure items.

The ceiling for individual financing varies from R\$5,000 for operating expenses, with a two-year repayment term, to R\$15,000 for investments, with a repayment term of five years and an 18-month grace period. For cooperatives and associations, the ceiling is fixed as a function of the number of members. The money can be used for investment projects, current expenses or working capital, either directly or as advances to cooperative members.

The resources come from bank credits, from the constitutional funds of the north and northeast, and from the Worker Support Fund (*Fundo de Amparo ao Trabalhador - FAT*), which is directed by a council representing the government, the workers and the private sector and is

coordinated by the Ministry of Labor. The Bank of Brazil and the Bank of the Northeast operate the program.

The administration of PRONAF is decentralized: the program is implemented by the municipality in partnership with the federal and state governments and producer representatives, organized in tripartite employment committees, at the state and municipal levels, with all members being equal. The Committees are responsible for monitoring the progress of the projects being financed.

In 1995, the government implemented PRONAF and spent R\$36 million to benefit nearly 19,000 families, the majority in the northeast and in Rio Grande do Sul. In 1996, the program provided a total of R\$649.7 million in rural loans to 333,000 families. This year, R\$1.5 billion will be available to guarantee financing for 600,000 small farmers and their families.

In addition to the resources earmarked for family farmers, an additional R\$ 219.5 million in the budget are allocated as follows:

- R\$ 125 million to support the rural development of 994 municipalities;

- R\$ 30 million to finance the extension service for small family farmers;

- R\$ 64.5 million in rural credits for those previously excluded.

PRONAF

1995
R\$ 36 million
19,000 families benefited

1996
R\$ 649.7 million
333,000 families benefited

1997
R\$ 1,5 billion
600,000 families benefited

6.2.2 The Job Creation and Rural Income Program (PROGER RURAL)

PROGER RURAL is a Ministry of Labor program that follows the example of PRONAF. It aims to develop the rural activities of small producers, individually and collectively. Created in 1995, it also provides resources for agro-industry, with a view to increasing production, improving productivity, generating employment and retaining people in the countryside.

The resources, provided by the Worker Support Fund (Fundo de Amparo ao Trabalhador - FAT), are loaned in accordance with the following criteria, established by the supervisory council: immediate creation of employment and income, regional decentralization, and compatibility with government policies.

The credit includes two forms of financing:

- operating expenses: a maximum of R\$ 48,000 per beneficiary.
- investment: a maximum of R\$ 30,000 per person, when loaned to an individual, and a maximum of R\$ 150,000 for collective undertakings, with a limit of R\$ 30,000 per participant.

The loans have a repayment term of five years, with a grace period of up to 18 months, and a favorable interest rate. PROGER RURAL resources are approved for each year/harvest. By June, the program will define the amounts available for the 1997/98 harvest. Last year's loans totaled almost R\$ 1 billion (see table below): 86% for agricultural operating expenses, 1% for cattle-operating expenses, 9% for cattle-raising investments and 4% for crop farming investments.

PROGER RURAL Resource Application

1995

Number of operations: 68,281

Value: R\$ 412,783,696

1996

Number of operations: 113,825

Value: R\$ 882,696,260

Total number of operations in 1995-96: 182,106

Total resources in 1995-96: R\$ 1,295,479,956

It is estimated that, during the 1995/96 harvest, the resources applied by PROGER RURAL guaranteed the creation and maintenance of employment for 263,612 workers.

6.2.3 The Rural Welfare Program

This is Brazil's largest agrarian and minimum income program. Even if the rural worker has never contributed to the social security system, he is entitled to its benefits. The program guarantees the retirements and pensions of nearly six million rural workers, disbursing an average monthly benefit of US\$125. Extended to rural workers in 1971, Rural Retirement (*Previdência Rural*) paid only half of a monthly minimum salary to the worker, guaranteed partial health assistance, and denied benefits to women living in the countryside.

The Constitution of 1988 extended the program's coverage to everyone. However, this provision was not implemented until the new social security disbursement law was passed in 1992. Since 1993, the monthly benefit has been one minimum salary, comprehensive health

assistance has been provided, rural working women have been included, and coverage has been increased from 4 million to 6 million people.

In 1991, *Previdência Rural* spent the equivalent of US\$2.16 billion and paid 4 million pensions and retirements, with an average monthly benefit of US\$44. In 1995, it paid out US\$7.9 billion to 6.3 million people, with

Rural Welfare Program

| YEAR | VALUE | PEOPLE | AVERAGE MONTHLY BENEFIT (US\$) |
|------|--------------|-------------|--------------------------------|
| 1991 | 2.16 billion | 4.0 million | 44 |
| 1995 | 7.9 billion | 6.3 million | 103 |
| 1996 | 9.0 billion | 6.0 million | 125 |

the average monthly benefit at US\$103. Last year, the outlays were US\$9 billion, to nearly 6 million workers, with the average monthly benefit at US\$125.

Until 1992, the minimum age to qualify for the benefit was 65 for a man and 60 for a woman. Taking into consideration the early age at which people go to work in the countryside, the heavy demands of their work and the shorter life expectancy for small family farmers — the principal recipients of Rural Welfare — the government has lowered these ages to 60 and 55, respectively.

Between 1991 and 1996, there was a significant rise in the number of men receiving social welfare in the countryside: the level of expenditures increased by more than 300%, the number of beneficiaries grew by more than 50%, and the average monthly benefit of pensions and retirements almost tripled. Moreover, the income of a married couple in the countryside doubled because both partners began receiving the benefit payments. From 1994 to 1995, the nominal minimum salary increased by 40%, which is substantial in the context of price stability.

Since the end of last year, the government has reduced the bureaucracy and the requirements for receipt of the benefit payments. Responding to CONTAG (Confederação Nacional dos Trabalhadores da Agricultura) demands, the government simplified and accelerated the process: it substituted an interview for the submission of a series of documents. This change permitted, in just a few months, the retirement of 400,000 new workers who, under the old procedure, would not have received the benefit.

Percentage of Rural Welfare's
Contribution to Family Income

| STATE | 1991 | 1993 |
|-------------------|--------|--------|
| CEARÁ | 25.0 % | 48.5 % |
| PIAUÍ | 27.6 % | 49.0 % |
| PARAÍBA | 35.8 % | 63.0 % |
| RIO GRANDE DO SUL | 8.5 % | 14.5 % |

In 1993, the impact that the changes in Rural Welfare had on the income of the most humble small farming families, in the poorest states in Brazil, was impressive. Even in the richest states, like Rio Grande do Sul, where income from agricultural production is high, the impact was not negligible, as shown in the following table:

In the small Brazilian municipalities, especially in the north, northeast and central-west, rural retirement is stimulating the economy, developing the micro-regions, and guaranteeing employment and income. In some localities, 21% of the population receives the benefit payments.

The expansion of this program has diminished rural poverty as a percentage of Brazil's general poverty level. Moreover, these benefits increase the rural family's total income, which adds viability to family farming.

6.3. Other Initiatives

In the Triângulo Mineiro region, a municipality, a bank employee, landowners and farmers undertook a pioneer experiment and proved that, even without expropriating land or altering the landownership structure, it is possible to form partnerships that profoundly improve the economic situation of the entire community and the lives of the *landless* farmers. In 1985, the now-prosperous city of Uberaba, in Minas Gerais, had the same serious problem that affects most of Brazil's agricultural sector: a low level of land utilization and a great potential to attract capable professional farmers. There were 200,000 idle hectares in the region — almost double the size of the municipality of Rio de Janeiro.

A local employee of the Bank of Brazil's Agricultural Credit Department (*Carteira de Crédito Agrícola*), in conjunction with the municipal government and the rural landowners, proposed a simple, viable and innovative solution to resolve the problem: to create the first Sharecropper and Rural Leasing Exchange in Brazil (*Bolsa de Parceria e Arrendamento Rural do Brasil*). The initiative was a success. In the following harvest — 1986/87 — through the exchange's intermediation, 72 *leasing* contracts were signed to cultivate more than 21,000 hectares. They accomplished all this without any government bureaucracy.

The contracts had a term of five years and were renewable. The lessee's payment varied from 5% of his annual income, as of the second harvest, to 15% for the last two harvest years. Access to the land was granted with the knowledge of the municipality and was financed with normal bank credit. Professional farmers from Minas Gerais, São Paulo, Goiás and even *Japan*, along with farmers from Rio Grande do Sul and Santa Catarina — who have German and Italian traditions — formed the pioneer group of lessees.

After 10 years of sharecropping, the banker's idea, with the cooperation of the mayor and the landowners, and with the work of the farmers, has moved Uberaba — which had been the world capital of zebu

cattle — to a first-place ranking in grain production among the municipal areas of the state of Minas Gerais and to a position of prominence on Brazil's rural scene. Similar initiatives are beginning to emerge in other regions of the country.

6.3.1 Community Farms

In 1995 in the state of Goiás, the Social Assistance Secretariat of the Ministry of Social Welfare — again in partnership with the municipalities, landowners and poor farmers — created the pilot project of the Community Farms Program (*Programa de Lavouras Comunitárias*). This program is also very simple:

- the landowners cede part of their lands to the municipality without surrendering ownership (*comodato*);
- the families of the farmers, registered by the municipality, contribute their labor, from the preparation of the soil to the harvest;
- the municipality provides the farm machinery and technical assistance through the Technical Assistance and Rural Extension Company (*Empresa de Assistência Técnica e Extensão Rural - EMATER*);
- the Social Assistance Secretariat finances the purchase of supplies — seeds and fertilizer — and its technicians supervise the field operations.

The harvest is shared: 80% goes to the families that work the land, 10% to the region's assistance agencies, and 10% is reserved as seed for the next planting. The harvest of 1995/96 was good. With 182 municipalities involved, there were 412,000 sacks harvested (each weighing 60 kilos), 21,400 hectares of planted area, and 124,500 people benefited. Last year, this system of Community Farms was extended to five more states: Rondônia, Tocantins, Mato Grosso, Mato Grosso do Sul and Sergipe.

Community Farms

| State | Municipalities | Area (hectares) | People | Resources (R\$) |
|--------------------|----------------|--------------------|---------|--------------------|
| Goiás | 182 | 21,400 | 124,500 | 1,814,127 |
| Rondônia | 48 | 2,100 | 25,200 | 2,500,000 |
| Mato Grosso | 90 | 40,000 | 81,000 | 2,169,676 |
| Tocantins | 60 | 5,500 | 18,000 | 3,000,000 |
| Sergipe | 13 | 948 | 13,500 | 213,520* |
| Mato Grosso do Sul | 9 | 900 | 2,400 | 115,401** |
| TOTAL | 402 | 70,848 | 264,600 | 9,812,724 |

* planned amount: R\$ 1 million

** planned amount: R\$ 309,355

The objectives of the Community Farms are to improve the nutrition of the poorest family farmers and to stimulate community involvement, collective work and the formation of organized groups that facilitate government actions. In the medium term, the program plans to create local work alternatives for the most destitute families, thereby reducing the rural exodus.

6.3.2 Small Rural Towns

The government of the state of Paraná, in partnership with the municipalities, is also innovating. It is buying land around the medium-sized cities and transforming them into urban lots to be distributed to the so-called *bóias-frias* — migrant workers who follow the harvest cycle.

Called rural towns, these lots of one-half hectare are associated with a school, a health center and complete urban infrastructure: potable water, basic sanitation and public lighting. With better living conditions, the migrant worker tends to stay on the lot and has an incentive to produce vegetables, both for his own consumption and for sale in the local market.

Such policies to urbanize rural zones have had good results and have had an immediate positive impact on the quality of life of these

people. At the same time, they inhibit migrations to the slums of the large urban centers.

6.3.3 Ecological Tourism

In Mato Grosso's Pantanal region — the planet's largest ecosystem — ecological tourism is contributing to reduce the exodus from the countryside, to preserve the environment and, at the same time, to guarantee a good financial return. Begun recently, tourism employs five times more farm labor than does conventional farming activity. Nearly 30 rural properties in the state of Mato Grosso do Sul have undertaken ecotourism development programs. The outlook is for a rapid expansion of those activities, which have great economic potential for the region and do not threaten the equilibrium of the ecosystem.

Ecotourism in the Amazon is an older phenomenon. The Amazon has been part of the international ecotourism circuit for years. It has grown and become sophisticated as it responds to the requirements of the tourists with the most purchasing power. Tourist activities in the rainforest have added more and better employment and income opportunities for the people who live along the Amazon river.

6.3.4 The Populations of the Rainforest

The opening of the domestic Brazilian market threatens to end a principal income source of Amazônia's traditional populations — native rubber extraction. Rubber imported from Southeast Asia sells in Brazil for US\$1.60 per kilo, while domestic rubber costs US\$2.60.

Custodians of the forest, the rubber gatherers and other small extractors are abandoning the woods and going to the cities in order to survive. If these traditional Amazônia populations leave the forest, illegal woodcutters, domestic and foreign, will enter more easily, felling trees and selling the highly valued lumber.

To contain the region's rural exodus and to preserve the forest resources, the government decided in March 1997 that it will be the guarantor of the traditional forest populations, giving them access to a special line of credit, valued at R\$24 million, of the Program for the Support of the Development of Amazônia (*Programa de Apoio ao Desenvolvimento da Amazônia - PRODEX*). Created in 1996, the PRODEX directs its resources to the 80,000 families in Amazônia that earn their livelihoods from extractive activities, processing and selling products such as rubber, cashews, babassu, cabbage-palm and fish. In addition to resources for investments, the workers of Amazônia will have money for food and housing.

Less for economic reasons than for environmental security, the government will impede the collapse caused by imported rubber by making up the price differential between domestic and Asian rubber. Today, Brazil produces 4,000 tons of rubber annually and the rubber extractors' compensation will be approximately R\$4 million annually. The resources will come from PROCERA, the special credit for agrarian reform, and from PRONAF, the incentive program for family agriculture.

In March of this year, the government created the 450,000 hectare Extractive Reserve of Médio Juruá — the first in the state of Amazônia. These are the costs that Brazilian society must pay to maintain the Amazon rainforest and the rubber gatherers within it, containing the devastation inflicted by the lumber companies and other predators.

Combined with last year's legislation that increased from 50% to 80% the amount of forest to be preserved, obligatorily, on each rural property in northern Amazônia, the foregoing measures constitute the beginning of a true ecological agrarian reform for the Amazon region.

6.3.5 The Child-Citizen Program

Since last year, the Social Assistance Secretariat of the Ministry of Social Welfare, with the support of other ministries, public institutions and non-governmental organizations, has begun to confront the old problem of child labor in rural areas. This is not a simple task. It is still part of the rural culture to have many children to help with the work and to increase family income. Children also obviate the need to hire workers — a luxury that small farmers cannot afford — enabling the family to keep all the income it earns.

The northeastern state of Paraíba, for example, is the national champion of large families — 43% of rural couples have more than six children, and 53% of small Paraíba farmers believe that survival in the countryside depends on the size of the family. In all of Brazil, almost 60% of family farms use their children to help with the work.

However, the situation is changing. Since 1990, the birthrate in rural Brazil has been declining significantly, though it is still higher than in urban areas. Nevertheless, the effects of this trend will not begin to impact the rural labor market until the next decade.

To eradicate immediately child labor in rural areas, and especially in degrading or dangerous circumstances, the government created in 1996 the program called the Child-Citizen Fund (*Bolsa Criança Cidadã*). The families of the children selected by the program — all within the age group of seven to fourteen years — receive a supplement to their monthly income of up to R\$50 per child. The only requirement to receive this financial assistance is that the children quit working and attend school regularly.

Moreover, the program seeks to stimulate regular full-time school attendance by the students. It provides the schools that receive these children additional human and material resources in order to guarantee transportation, food, and recreation activities. By the end of 1997, after its implementation in the states of Paraná, Paraíba, Rio Grande do Norte,

Alagoas, Sergipe and Rondônia, the Child-Citizen Fund will have taken nearly 50,000 boys and girls from work in the countryside, principally from charcoal kilns, sisal plantations, and cane and maté fields, and sent them to school. Currently, almost 30,000 children are benefiting from the program, as shown in the following table.

CHILD-CITIZEN PROGRAM CURRENT SITUATION

| State | Date of implementation | Atividade Laboral | Goal | Number of Municipalities | Participants |
|--------------------|---|-------------------|--------|--------------------------|---|
| Mato Grosso do Sul | 1996 | Coal & Mate | 1,500* | 14** | Ministries: MPAS, Education, Health, Justice, Labor and Industry and Commerce, |
| Pernambuco | 1997 | Sugar Cane | 13,320 | 13 | Municipal and State Governments |
| Bahia | Anticipated fix the 2nd trimester of 1997 | Sisal | 15,000 | 18 | NGOS: UNICEF, OIT, National Forum for the Prevention and Fight Against Child Labor, among others, |
| Total | | | 29,820 | 43 | Councils: National Social Assistance Council for Child and Adolescent Rights. |

* expansion phase for 600 more children

** expansion phase for 13 more municipalities

Note: The government will implement the program in the Rio de Janeiro cane field region in 1997. The government is studying the program's possible implementation in the states of Paraná, Paraíba, Rio Grande do Norte, Alagoas, Sergipe and Rondônia.

7. Preparation and Integration of Programs

As has been shown, the many opportunities that are unfolding to combat poverty in the countryside and to generate employment and income are not limited to the conventional policies of agricultural development and traditional agrarian reform based on the simple distribution of "land for planting." In addition to ecological tourism, which relies on Brazil's unsurpassed natural features, a series of new activities — rural, but not necessarily agricultural — are emerging as even more profitable employment alternatives in the countryside: the raising of frogs, canaries, tropical fish, exotic birds, rabbits and escargot, and the cultivation of flowers, vegetables, and fruits, among others.

These are highly intensive and small-scale activities that can offer a new opportunity for a better life in the countryside for small producers and landowners who are no longer able to engage in agriculture or cattle ranching.

There is also a growing number of recreation sites and of urban professionals who continue working in the large cities but opt to reside in nearby rural areas. The flight of these professionals from the city in search of a better quality of life is, at the same time, increasing opportunities in the rural areas for domestic workers, who are better paid than farm workers. In addition to their salaries, they receive lodging and, at times, the right to maintain a vegetable garden and to breed pigs and fowl. Moreover, their water and electric energy are free. In the state of São

Paulo alone, these domestic workers (*caseiros*) already represent almost 8% of the rural area's economically active population.

This great number of possible policies has led the government to prioritize the preparation and the integration of measures of various ministries, states, municipalities, the Legislative and Judiciary branches, and the Public Ministry. As part of this integrated development strategy, the government selected a group of programs and measures that deserve special attention due to their importance and immediate impact on the life of the rural population. These initiatives are on two levels: those specific to policy and agrarian reform, and those regarding work, employment, income and professional training.

7.1 The Social Policy Council

Linked directly to the Presidency of the Republic, through the President's Civil Household, is the supervisory level of the government's social policy coordination. In addition to building consensus for public policies, it assures that the necessary steps are taken for implementing programs. It also directs, evaluates and, whenever needed, revises the proposed measures. It is comprised of a secretary, an executive committee, and twelve ministers.

An executive secretary, subordinated directly to the President, is responsible for monitoring the progress of the Council's activities. Currently, among the Council's programs, one has special relevance for the problems relating to agrarian reform: the Emancipation Project (described in section 4.3.3).

7.2 The Community Solidarity Program

Created in January 1995, the Community Solidarity Program (*Programa Comunidade Solidária*) coordinates the government's actions aimed at assisting the people who do not have the means to provide for their basic necessities and, especially, to fight hunger and poverty.

Aside from having a council comprised of representatives from the government and from society, Community Solidarity has an executive secretary who acts in coordination with the ministries, the state and municipal governments, and the non-governmental organizations.

In 1996, the Community Solidarity Council adopted, as priorities for discussion between the government and society, the themes of food and nutrition security, the minimum family income, and agrarian reform. To monitor the implementation of the proposals born of these discussions, the Community Solidarity Council created two sectoral committees, coordinated by representatives of society and by the executive secretary.

COMMUNITY SOLIDARITY - PRODEA

GOALS ACHIEVED - 1996

232,950 basic food baskets

5,737,924 kilos of food

232 encampments

25,00 families

21 states

Among the measures for which the executive secretary is responsible, the Program for Food Distribution (*Programa de Distribuição de Alimentos - PRODEA*) stands out. In 1996, this program provided 232,950 basic food baskets from the Ministry of Agriculture's stock, for a total of 5.7 million kilos of food, to 232 *landless* rural

worker *encampments* in 21 states. The majority of these encamped workers belong to the MST. In other words, the government guaranteed food for practically all of the nearly 25,000 encamped *landless* families throughout the entire country, distributing monthly a basic food basket to each one of them.

7.3 The National Professional Training Plan (PLANFOR)

Among the obstacles to family farming, the most important are the dearth of technical and technological know-how, the lack of access

to information, isolation, and the low level of education among the rural population, which has the highest levels of illiteracy in Brazil. Thus, basic education and professional training stand out as strategic factors for overcoming backwardness and poverty.

With this in mind, the National Professional Training Plan (*Plano Nacional de Educação Profissional - PLANFOR*), created by the Ministry of Labor, takes on special relevance. This program, implemented locally, is financed by resources from the Worker Support Fund. State employment commissions, with representatives of the government, the private sector and the workers, approve the State Qualification Plans (*Planos Estaduais de Qualificação*).

PLANFOR is aimed at resettlements and at rural communities, seeking to stimulate economic growth that results in greater productivity, a better quality of life, and a reduction in unemployment. Namely, it seeks to change the factors that force families to try their luck in the cities.

The government's goals for the 1996-98 period are: to offer professional training scholarships to 500,000 workers living in resettlement and rural communities; to give technical and financial support to rural professional training institutions in each state that has resettlements; and, progressively, to assist the resettlements in their phases of establishment, consolidation and emancipation.

In 1996, the program's initial goal to assist 60,000 people, at a cost of R\$14 million, was doubled. Working in 768 municipalities, the program assisted nearly 120,000 people at a cost of R\$18.4 million. It benefited rural workers, resettled families, squatters, renters and small producers, all over the age of 14. Acting in partnership with the government for this task were entities of the landowning class and the workers; churches; social movements organized in defense of land access; non-governmental organizations; production associations and cooperatives; public and private foundations and universities; and the federal, state and municipal technical training networks.

In addition to its innovative ability to obtain broad public support, the Professional Education Program for Resettlements and Rural Communities (*Programa de Educação Profis-*

Professional Education Program for Resettlements and Rural Communities

ANTICIPATED GOALS - 1996

60,000 workers trained - R\$ 14 million

GOALS ACHIEVED - 1996

119,409 workers trained - R\$ 18 million - 768 municipalities

ANTICIPATED GOALS - 1997

145,000 workers trained - R\$ 22 million

ANTICIPATED GOALS - 1996/98

150,000 workers trained

sional para Assentamentos e Comunidades Rurais) was, without a doubt, one of the most effective plans developed last year. In 1997, the program should grow by 20%, whether measured in terms of the number of people assisted, in terms of its investments, or in terms of its support from additional organizations.

7.4 Other Measures

- The first Agrarian Reform Census: Through an agreement between the Special Ministry for Landed Property Policy and the Council of Rectors of Brazilian Universities (*Conselho de Reitores das Universidades Brasileiras*), 1,700 university students concluded, in the first half of 1997, the first-ever attempt in Brazil to determine precisely how many workers INCRA has resettled, and where these workers are today. The objectives of the census were to update the government's registration lists and to increase the efficiency of the developed projects. Achieving these goals will help to improve the life of those who benefited from the agrarian reform and will help to emancipate the settlements.

- Legalization of Landownership: The Brazilian Institute for Environmental Protection (*Instituto Brasileiro de Proteção Ambiental* -

IBAMA) will loan to INCRA a modern satellite tracking system that will detect, via remote sensors, the presence of squatters in isolated areas of Brazil's forests and rural zones. The Special Ministry for Landed Property Policy wants to legalize landownership for some one million small farmers who form the principal risk group in the countryside, vulnerable and defenseless against bandits and professional land grabbers.

- Forced Labor: The Special Ministry for Landed Property Policy is promoting inspections, carried out by the Ministry of Labor, on rural properties where workers function in degrading health and security conditions, or even as semi-slaves. The areas that INCRA is inspecting could be included in land expropriation programs if the poor working conditions continue.

- The Lands of the Bank of Brazil and of Other Banks: The Bank of Brazil has agreed to give preference to the Special Ministry of Landed Property Policy in the acquisition of farms whose owners have not paid off their debts. The farms will be purchased with Agrarian Debt Bonds (*Títulos da Dívida Agrária - TDA*). Farms belonging to financial institutions liquidated by the Central Bank will also be used for agrarian reform purposes.

- Lands of the Army: The Ministry of the Army and the Ministry of Landed Property Policy have signed a protocol of intentions that foresees the donation of 1.8 million hectares, mostly in the northern region of the country, to the agrarian reform program. The first resettlement carried out on army lands is in the state of Amazonas. In this project, located 100 kilometers from Manaus, about 400 families were resettled on 27,980 hectares.

- Culture in the Countryside: More than 20,000 families, resettled in 80 areas in 20 states, will benefit from the Habitat project, a cooperative effort between the Ministry of Culture and the Ministry of Landed Property Policy. The settlements will enjoy films, videos, theater and circuses. Performing arts cooperatives will be stimulated to create cultural nuclei among the new farmers.

8. Bringing Down Legal Barriers

Brazil's agrarian legislation is the origin of the majority of the country's land conflicts, of the slowness with which the government conducts land expropriation, of the lack of ownership titles, and of the judicial system's sluggishness in dealing with land matters. Conceived more to protect large property holdings than to guarantee the rights of small farmers, agrarian legislation is outdated, deficient and full of loopholes easily exploited to impede the administration of justice in the countryside.

Since last year, however, this legal framework favoring the strong, to the detriment of those who really need the State's protection, has begun to unravel.

8.1 The Rural Land Tax

Created by the Land Statute in 1964, the Rural Land Tax (ITR) should have helped to reverse the landownership concentration and should have been an instrument of fiscal justice in the countryside: the more land a proprietor owned, the more he should have paid, proportionally, in taxes. The less productive the land, the higher the rate. Nevertheless, the exact opposite occurred.

The high degree of under-taxation, tax evasion and non-payment by the large landowners have made the ITR completely ineffective. Worse: over time it has become a powerful instrument of fiscal injustice

in the countryside. Since it is a declared tax — the proprietor declares the value of his unimproved land, the level of use and productivity — the landowner has always found a way to get the maximum ITR reduction, which is 90% of the total tax bill.

The resulting distortions are scandalous: a) the declared value for unimproved land — VTN — is always much less than the market value. Studies demonstrate that, in the last decade, the percentage of the VTN to the real price of the land varied from 20% for properties of less than 10 hectares, to 1.2% for large properties of more than 10,000 hectares; b) the declared productive area is much less than the real productive area, with the larger properties claiming around 50%, on average, while smaller properties declare 94%; c) the declaration of productivity is even more unreal: there have been cases, registered by INCRA for its calculation of the ITR, in which the declared productivity per hectare was more than ten times as much as the average ascertained by the IBGE.

The result is that the small landowners always paid, proportionally, much more tax than the large landowners. Moreover, the small proprietors were the ones who paid the ITR. The massive non-payment was concentrated among the large proprietors who, even though they owed little, never paid the tax.

The current government fought to change this situation and, in December 1996, with massive public support, including from opposition parties, it obtained from the National Congress substantial changes in the system for calculating the ITR, to wit:

a) The ITR rates for large and unproductive properties were radically increased: from a maximum rate of 4.5% for properties of more than 15,000 hectares, to 20% for properties over 5,000 hectares — an increase of more than 500% in some cases.

b) The division of properties by size, for the purpose of calculating the tax, changed also; the zones were enlarged and their number was reduced by half: from twelve to six (see the following tables).

The New Rural Land Tax

| Property's total area (in hectares) | Degree of Utilization (GU) in % | | | | |
|--|---------------------------------|-----------|-----------|-----------|-------|
| | > 80 | > 65 - 80 | > 50 - 65 | > 30 - 50 | < 30 |
| 0 - 50 | 0.03 | 0.20 | 0.40 | 0.70 | 1.00 |
| > 50 - 200 | 0.07 | 0.40 | 0.80 | 1.40 | 2.00 |
| > 200 - 500 | 0.10 | 0.60 | 1.30 | 2.30 | 3.30 |
| > 500 - 1,000 | 0.15 | 0.85 | 1.90 | 3.30 | 4.70 |
| > 1,000 - 5000 | 0.30 | 1.60 | 3.40 | 6.00 | 8.60 |
| more than 5,000 | 0.45 | 3.00 | 6.40 | 12.00 | 20.00 |

The Old Rural Land Tax

| Property's total area (in hectares) | Degree of Utilization (GU) in % | | | | |
|--|---------------------------------|-----------|-----------|-----------|------|
| | > 80 | > 65 - 80 | > 50 - 65 | > 30 - 50 | < 30 |
| 0 - 25 | 0.02 | 0.04 | 0.08 | 0.14 | 0.20 |
| 25 - 50 | 0.03 | 0.06 | 0.12 | 0.20 | 0.30 |
| 50 - 100 | 0.05 | 0.10 | 0.20 | 0.35 | 0.50 |
| 100 - 250 | 0.07 | 0.15 | 0.30 | 0.50 | 0.70 |
| 250 - 500 | 0.10 | 0.20 | 0.40 | 0.70 | 1.00 |
| 500 - 1,000 | 0.15 | 0.30 | 0.60 | 1.00 | 1.40 |
| 1,000 - 2,000 | 0.20 | 0.40 | 0.80 | 1.35 | 1.90 |
| 2,000 - 3,000 | 0.25 | 0.50 | 1.00 | 1.70 | 2.40 |
| 3,000 - 5,000 | 0.30 | 0.60 | 1.20 | 2.05 | 2.90 |
| 5,000 - 10,000 | 0.35 | 0.70 | 1.40 | 2.40 | 3.40 |
| 10,000 - 15,000 | 0.40 | 0.80 | 1.60 | 2.75 | 3.90 |
| more than 15,000 | 0.45 | 0.90 | 1.80 | 3.15 | 4.50 |

c) The old rates varied also depending on the region. There was one general table and two differentiated tables. The latter were for 1) municipalities of the so-called drought polygon (in the northeast) and of the eastern Amazon, and 2) for the western Amazon region and the Pantanal of Mato Grosso and Mato Grosso do Sul (see tables). With the new law, this situation was changed and the rates apply to all rural properties, regardless of the region in which they are located.

Municipalities of the Drought Polygon and of the Eastern Amazon

| Size hectares | Effective Utilization of the Useable Land (%) | | | | |
|------------------|---|-----------|-----------|-----------|------|
| | > 80 | > 65 - 80 | > 50 - 65 | > 30 - 50 | < 30 |
| 0 - 40 | 0.02 | 0.04 | 0.08 | 0.14 | 0.20 |
| 40 - 80 | 0.03 | 0.06 | 0.12 | 0.20 | 0.30 |
| 80 - 160 | 0.05 | 0.10 | 0.20 | 0.35 | 0.50 |
| 160 - 400 | 0.07 | 0.15 | 0.30 | 0.50 | 0.70 |
| 400 - 800 | 0.10 | 0.20 | 0.40 | 0.70 | 1.00 |
| 800 - 1,600 | 0.15 | 0.30 | 0.60 | 1.00 | 1.40 |
| 1,600 - 3,200 | 0.20 | 0.40 | 0.80 | 1.35 | 1.90 |
| 3,200 - 4,800 | 0.25 | 0.50 | 1.00 | 1.70 | 2.40 |
| 4,800 - 8,000 | 0.30 | 0.60 | 1.20 | 2.05 | 2.90 |
| 8,000 - 16,000 | 0.35 | 0.70 | 1.40 | 2.40 | 3.40 |
| 16,000 - 24,000 | 0.40 | 0.80 | 1.60 | 2.75 | 3.90 |
| More than 24,000 | 0.45 | 0.90 | 1.80 | 3.15 | 4.50 |

d) Another substantial change is that the value declared by the owner, for payment of the ITR, will be taken into account by INCRA in case of the land's eventual expropriation. In this way, not only is the rate higher, but also the tax base will be larger. The risk of expropriation induces the landowner to declare the market value of his land, rather than a much lower price.

Municipalities of the Eastern Amazon and of the Pantanal of Mato Grosso and Mato Grosso do Sul

| Size hectares | Effective Utilization of the Useable Land (%) | | | | |
|------------------|---|-----------|-----------|-----------|------|
| | > 80 | > 65 - 80 | > 50 - 65 | > 30 - 50 | < 30 |
| 0 - 80 | 0.02 | 0.04 | 0.08 | 0.14 | 0.20 |
| 80 - 160 | 0.03 | 0.06 | 0.12 | 0.20 | 0.30 |
| 160 - 320 | 0.05 | 0.10 | 0.20 | 0.35 | 0.50 |
| 320 - 800 | 0.07 | 0.15 | 0.30 | 0.50 | 0.70 |
| 800 - 1,600 | 0.10 | 0.20 | 0.40 | 0.70 | 1.00 |
| 1,600 - 3,200 | 0.15 | 0.30 | 0.60 | 1.00 | 1.40 |
| 3,200 - 6,400 | 0.20 | 0.40 | 0.80 | 1.35 | 1.90 |
| 6,400 - 9,600 | 0.25 | 0.50 | 1.00 | 1.70 | 2.40 |
| 9,600 - 16,000 | 0.30 | 0.60 | 1.20 | 2.05 | 2.90 |
| 16,000 - 32,000 | 0.35 | 0.70 | 1.40 | 2.40 | 3.40 |
| 32,000 - 48,000 | 0.40 | 0.80 | 1.60 | 2.75 | 3.90 |
| More than 48,000 | 0.45 | 0.90 | 1.80 | 3.15 | 4.50 |

The ITR rate increase seeks to stimulate rational use of the land and to force the sale or the surrender of large unproductive properties to the government for the agrarian reform program. Properties with a low level of use will pay a high tax. Thus, for example, a rural property of more than 5,000 hectares, with less than 30% of its land begun used, will have a 20% tax rate. In practice, this means that the owner of the property will pay, in five years, a tax that equals the value of the property.

Thus, the approval of the new ITR represents an end to the purchase of land for speculation. The new tax on unproductive lands will leave owners only two options: begin producing or sell the land.

8.2 The Expedited Procedure Law

In December 1996, the government presented to the National Congress a proposed change in Implementing Law 76/1993, known as the expedited procedure law, that addresses the process of rural property expropriation for agrarian reform purposes. The proposal won approval that same month.

According to the new law, when the judge issues the initial expropriation petition, he will, within 48 hours, instruct the government to take possession of the land once it has proven that it has made the judicial deposit to pay for the improvements and has issued the Agrarian Debt Bonds (*Títulos da Dívida Agrária - TDA*) to pay for the unimproved land.

Under the previous law, the judge would authorize only the court deposit corresponding to the price offered, but he wouldn't order the seizure of the land. With the expedited procedure, the deposit is made at the time of the initial petition and the judge determines the seizure immediately or within 24 hours. This new procedure accelerates the expropriation action and prevents the lawyers of the landowners from interrupting the process to obtain, in the courts, a more favorable indemnization for the land, at the cost of the public treasury and of the taxpayers. The judicial disputes used to drag on for years, at times even decades, and the landowners would get exorbitant payments, through a process riddled with errors.

In addition to correcting these problems, the new law also eliminates one of the principal reasons for land conflicts in Brazil, which occur precisely during the period between the decision of expropriation and the seizure. Indignant with the delay in the process, *landless* families that were to be resettled on the expropriated area encamped around the property or invaded the land, entering into conflict with the landowners and their employees. Now, a landowner's legal appeal will not impede the government's seizure of the land.

8.3 The Gun License Law

For more than 50 years, the illegal carriage of weapons in Brazil was treated as only a minor infraction. A new law passed by the National Congress in February 1997 makes it a crime punishable by imprisonment.

In addition to defining crimes, the new law standardizes the norms for gun registration and carriage. The most significant decision was the creation of the National Firearms System (*Sistema Nacional de Armas - SINARM*), the main objective of which is to create a national registry of the guns in circulation in Brazil. Gun owners will have six months to register their weapons.

To increase public safety, the new legislation restricts the carriage of firearms. From now on, authorization to carry a firearm will be temporary and will depend on proof of one's fitness, social behavior, need for a firearm, technical ability, and psychological competence for using a weapon.

With this, the government has all the legal support necessary to unleash an ample and effective disarmament operation, *en masse*, in the countryside. It will disarm the landowners and their employees as well as the *landless*, principally in the areas of greatest social tension and potential for armed conflict. In 1996 alone, 47 people died in land conflicts in Brazil, 31 of them in the state of Pará.

8.4 Bills Under Discussion

In addition to the legislation already approved, the National Congress is discussing dozens of other projects aimed at improving, directly or indirectly, the agrarian reform process. The most important among them are:

- The project that changes the Civil Legal Code, giving jurisdiction to the Public Ministry to intervene in class action lawsuits involving landownership and in which there is a public interest. It allows the Public

Ministry to monitor the lawsuits even before the legal proceedings begin. It has been confirmed that the greatest irregularities and gravest offenses to the rights of citizens occur at that early stage of a case. If the bill is approved, the Public Ministry will function as the guardian of the public rights of citizens against the economic interests that normally dominate the lawsuits.

- The project that institutes a legal review of the values assigned to rural properties expropriated for agrarian reform purposes. Its objective is to allow the government to question and to recalculate the values of the properties in view of the large number of legal decisions that fix indemnizations that are exorbitantly higher than market prices. These decisions are a frontal assault on the limits of reason and a clear violation of the constitutional principle of "just indemnization" (Federal Constitution, Article 5, XXIV).

- The project that impedes the subdivision of properties potentially subject to expropriation for agrarian reform purposes. It determines that, once INCRA has concluded its survey of the rural property for expropriation, the subdivision, sale, donation and exchange of the property are forbidden for a two-year period. The past failure to prohibit the subdivision of property selected for agrarian reform has enabled the owners, seeking to impede the government's action, to donate, exchange, transfer or divide the land into small- and medium-sized holdings that are not suitable for expropriation.

In addition, it would prevent attempts to disguise the real degree of the land's use and would permit issuance of the public notice that must precede INCRA's inspection of the land. This item is important because there have been a lot of cases in which the entire expropriation process was annulled by the courts because the owner was not notified in person about the forthcoming inspection. In many cases, personal notification is impossible, because the owner lives in a hard-to-reach locale or because he does not reside in the state in which the property is located.

If all these necessary changes to Brazil's agrarian reform legislation are approved, they will increase tremendously the government's power to act and to democratize landownership in a peaceful and rapid way, and with majority support from society.

8.5 The Fight Against Violence and Impunity

Much of the violence in the countryside is related to land conflicts. This is a familiar and recurring scene: the *landless*, sometimes armed, invade a property; the owner takes up arms to defend himself; the military police at times act inappropriately; the Military Court does not punish the excesses and the crimes committed by military police; the Federal Court is unable to judge human rights violations. These are some of the ingredients of the rural violence syndrome that has increased with the growing number of land conflicts in the last few years.

Preoccupied with this situation, which offends Brazil's democratic spirit and its desire to see an effective and legal agrarian reform, the government has taken the following measures:

a) Sanctioned Law No. 9,432, of February 20, 1997, which creates the National Firearms System and establishes conditions for the registration and carriage of firearms. The law seeks to guarantee the legal basis for disarming the countryside, from wherever threats of violence come.

b) Transferred jurisdiction from the military courts to the civil courts over crimes committed by military police. Law No. 9,299, of August 7, 1996, is only a first step in that direction. Therefore, a new project was presented.

c) Sanctioned Law No. 9,455, of April 7, 1997, which defines crimes of torture.

d) Proposed Constitutional Amendment No. 368/96 to give the Federal Court jurisdiction over crimes that violate human rights.

9. Trade Barriers

As the foregoing has sought to demonstrate, two principal reasons for agrarian reform are: 1) the concentration of landownership and 2) the dismissal of rural workers as the productive system modernizes.

A significant expansion of agricultural production would have a strong positive impact on rural employment. Thus, the question of the *landless* cannot be disassociated from Brazil's *lack of foreign markets*.

Brazil is one of the world's major grain producers. The 1996/97 harvest should exceed 81 million tons. In a relatively short period, the country's output should surpass 140 million tons. Today, agriculture accounts for 12% of the country's Gross Domestic Product (GDP); agro-industry accounts for 35% to 40%. Last year, agricultural products made up 37% of Brazil's total exports.

In recent years, however, Brazil's principal exports, and especially those from the agricultural sector, face an increasing number of tariff and non-tariff barriers. (The latter include technical and sanitary barriers as well as quotas.) The following table cites a few examples.

During recent years, Brazil has undertaken a broad, rapid liberalization of its domestic market. Therefore, it insists upon its legitimate right of reciprocity. The barriers that hamper its products' access to the world's principal markets, such as the European Union, the United States and Japan, must be lifted.

Restrictions on Brazilian Agricultural Exports

| Products/Countries | USA | European Union | Japan |
|-----------------------|--|---|--|
| Orange juice | Specific tax of US\$ 454/ton | 17,5% tariff | 28,5% tariff |
| Fruits and vegetables | High tariffs and sanitary restrictions | Restriction on papaya imports because of an alleged presence of waste material residues | Restriction on mango imports because of thermal treatment |
| Sugar | Annual quota of 170,000 tons under the Sugar Program | Restriction on exports | ----- |
| Beef | Prohibition on Brazilian exports because of alleged aftosa contamination | Due to alleged aftosa contamination, imports of beef with the bone, cattle and cattle semen are prohibited | Restriction on imports of raw beef, cattle and cattle semen |
| Poultry meat | Prohibition on imports of raw poultry meat and uncooked derivates because of an alleged contamination of Newcastle disease. Subsidized U.S. exports have displaced Brazilian exports | Prohibition on imports of raw poultry meat and uncooked derivates for sanitary reasons (Newcastle disease). Like the U.S., The EU subsidizes heavily its poultry producers, displacing Brazilian poultry exports to third country markets | Restrictions on poultry meat imports because of the alleged presence of contaminants |
| Tobacco | Restritions on Brazilian exports, with a quota of 80,200,00 tons | ----- | ----- |
| Pork meat | Prohibition on Brazilian exports because of alleged contamination | Prohibition on the importation of raw pork, of uncooked pork products, and of pork products not cured for than six months | ----- |

Conclusion

Brazil is one of the few countries truly capable of creating millions of jobs in rural areas. It can do so by extending its agricultural frontiers, by introducing more modern technology and by taking advantage of its expanding consumer market, especially since the introduction of the *Real* stabilization plan. Moreover, it has the wherewithal to undertake a genuine agrarian reform program.

A clear majority of the public supports a revision of the country's landownership structure, as well as an acceleration of rural resettlements. The government is determined to fulfill, as it has been doing, its resettlement goals and to insure that the resettled individuals have enough support to become truly productive farmers.

The financial resources expended on agrarian reform have been increased. The legal barriers have been eliminated. A series of new laws, some already passed and others soon to be adopted, will facilitate the campaign against violence and impunity.

Activist social movements have contributed decisively to mobilizing society in support of greater justice in the countryside.

Conditions seem ripe for correcting the unjust structures and relationships inherited from the colonial era. A democratic government has the obligation to prioritize measures that reduce exclusion. It must promote social justice. However, being democratic, it must also work within the parameters of the law. Disrespect for the law, and the tradi-

tional acceptance of this disrespect, explains, though it cannot justify, the violence and the repeated human rights violations in the countryside.

The land problem, which is as old as the country itself, cannot be resolved during the term of a single government. Perhaps it can be resolved during one generation. But to complete a long march, one must take the first step. The Fernando Henrique Cardoso government has already taken this first step.

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