

# The Neoliberal Agrarian Model in Brazil

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## Introduction

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Since Fernando Collor's 1989 presidential victory, and most notably since Fernando Henrique Cardoso's two terms in office (1995-98 and 1999-2002, respectively), economic policies have been enacted in Brazil that represent a subordinate alliance of the country's dominant classes with international capital. Unfortunately, under President Lula these same sectors have remained in control, and economic policy caters to their interests.

The results are well-known. There has been denationalization, the Brazilian economy is even more dependent, and our best and most profitable companies have been handed over to transnationals. Banks have had fantastic profits—Brazil has offered the highest interest rates in the world. The role of government in the economy has been cut back. Policies have been enacted that privilege the transfer of wealth to the financial system through the state sector.

Under Lula's government, the neoliberal model is now being applied to the agrarian sector. An alliance has been sealed between the major capitalist farmers and ranchers and the multinationals that control the international commodity trade, the seed trade, pesticide production, and agri-industry.

This neoliberal vision for agriculture gives priority to large holdings that make extensive use of agrochemicals and pesticides and that concentrate on monocultures of commodity crops for export. They use just 60 million hectares of the 360 million available for cultivation, and 85 percent of the area under exploitation is used for sugarcane, soybeans, and coffee. Looking for higher labor productivity, large producers drive workers away from the countryside and exploit the few remaining, who earn the lowest wages in Brazil (the equivalent of about \$150 a month). The road to competitiveness for our wise agrarian capitalists is one of large estates for larger-scale production, combined with among the worst rates of compensation. Their production techniques attack the environment, destroy biodiversity, and compromise natural resources through the large-scale use of pesticides, with a heavy cost to society and future generations.

## Consequences of the Neoliberal Agrarian Model

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In 2005, almost three hundred thousand workers in the countryside lost their jobs and migrated to cities. Land holdings keep growing by absorbing smaller properties. In the past few years estates with over one thousand hectares have absorbed over thirty million new hectares. There are no indicators of a waning of rural poverty and social inequality. Ten transnational companies—Monsanto, Bunge (agribusiness and food), Cargill, ADM, BASF (chemicals), Bayer, Syngenta, Norvartis, Nestlé, and Danone—control virtually all agrarian production, pesticides, transgenic seeds, and foreign commodities trading.

In the 1970s, Brazil's farm machinery sector sold almost 65,000 tractors a year; in 2005, with the concentration of land ownership, only 32,000 tractors were sold. Clearly, this model doesn't help even Brazil's industry.

## An Alternative Proposal

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Against such a model, we present an alternative based on family-run and campesino agriculture that has the support of rural social movements, church groups, environmentalists, the forty-five organizations in the National Forum for agrarian reform, and the widest array of representatives of rural workers and of the people in rural areas. This alternative model defends the organization and occupation of land of small and medium-sized farms; calls for aid for five million agricultural families in smallholdings; and urges the implementation of an agrarian reform that would guarantee land to four million landless families. It stands for intercropping and improved rotations as a way to better manage the soil and preserve the environment. It gives priority to the production of healthy food, without pesticides. It defends a type of agriculture that hires workers, creates jobs, and guarantees an income for rural workers. It stands for the use of environmentally friendly agricultural techniques that use conventional seed already adapted to our country, and it is against transgenics.

## Measures Taken by the Lula Government in Relation to Campesino Agriculture and Agrarian Reform

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The fight on the agricultural front never ends in Brazil: on the one hand, there is the international financial capital model that unites capitalist farmers and ranchers with multinationals; on the other, there are family farmers, campesinos, and their movements, united with urban workers. What exactly has the Lula government done with respect to the agricultural sector? Which of the opposing camps have fared better under his government's policies?

According to the Movimento dos Pequenos Agricultores (MPA), the Movimento dos Trabalhadores Rurais Sem Terra (MST), the Movimento dos Atingidos por Barragens (MAB), the Movimento das Mulheres Camponesas (MMC), the Comissão Pastoral da Terra (CPT), and the Associação Brasileira de Reforma Agrária (ABRA), which delivered a

document to the Food and Agricultural Organization of the United Nations in March 2006, the measures implemented by the Lula government can be divided between those that advanced campesino agriculture and those that impeded it.

The list of measures taken in support of campesino agriculture is impressive. There has been an expansion of employment and income insurance for farmers to protect them against natural disasters. Loans made available to small rural producers have nearly tripled. Subsidized electricity and home construction have greatly expanded in rural areas, and larger budgets for rural education programs have been enacted. The government has begun a biodiesel program that will open new markets for campesino agriculture by requiring that 2 percent of the volume of diesel fuel be produced from vegetable matter. More resources have been allocated for technical aid for rural settlements, though this is given through nongovernmental organizations (NGOs), preventing a democratization of this program. Lula's government has supported, albeit weakly, the cistern program, which provides family-sized water-capturing cisterns in the arid Northeast. In Roraima, the Raposa Do Sol has been demarcated a native historical area. Of great importance, federal forces have not repressed social movements in rural areas, although military police departments under the control of governors still repress them. (The federal police previously did repress aboriginal movements in several states.)

Unfortunately, however, the government has also supported numerous measures and positions that have impeded the development of campesino agriculture and have explicitly or implicitly advanced the interests of big farmers and financiers.

It is important to note that the overall macroeconomic policies, especially those related to international trade, of the Lula government favor agribusiness, providing a nurturing context for specific rural sector measures. For example, the government has wholeheartedly embraced neoliberal policies and supported international organizations such as the WTO and the World Bank. At the Montreal round of the WTO, the Brazilian government helped to block the initiative to make it mandatory worldwide for transgenic products to be labeled, thus defending the interests of multinational agribusiness companies.

Specific policies biased toward the big farm sector include: the continuation of the tax-exempt status for supplies used for export-oriented agribusiness (a hidden subsidy to the foreign commodity trade); legalization, through a presidential decree, of the use and trade of transgenic soy; ignoring any and all environmental research and the actual infringement of law through the smuggling of banned cotton and corn transgenic seeds; ignoring campesino and environmentalists' demands in the drafting process of the biohazards law; lack of enforcement of the law ordering the food industry to carry warning labels on all products containing more than 1 percent of transgenics (although over 8 million tons of transgenic soybeans are sold in the domestic market every year, the warning labels are not used for any product); continuation of financial support through public banks for large agribusiness concerns, for a total sum that went from 20 to 42 billion reais per year (21 billion dollars by the latest harvest)—and for the ten

largest transnational agricultural companies which, by themselves, got around 8 billion reais (4 billion dollars) from state banks; granting of credits through a federal development bank, the Banco Nacional de Desenvolvimento Social (BNDES), for paper mills and eucalyptus foresting; and taking the initiative to pass a law opening national parks to logging interests.

The government has also served the interests of the rural elite by its inactions. It has failed to fulfill its promises to settle the landless families occupying large estates; implement an encompassing agrarian reform program; modernize the estate-productivity index used for nationalizations, last updated in 1975; pass a law to expropriate estates that use slave labor; stop the creation of the House and Senate Investigative Committee for land matters and to stop the final conclusions that define land occupations as a major felony; push for judicial punishment of rural massacres such as those in Corumbiara (1995), Carajás (1996), and Felisburgo (2004); stop the rise in violence in rural areas; remove older laws and statutes that block agrarian reform; demarcate native land belonging to several ethnic groups, especially the Xavantes, Guaranis, and Pataxós; control the advance of cultivation of soy and cotton in the Amazon and bush areas—a process which could have dire environmental consequences in the future; and create a wide network of cooperative agri-industries among campesinos.

## Final Considerations

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The Brazilian state with all its considerable resources still gives priority to policies that support the agribusiness model. Unfortunately, the Lula government is ambiguous in the sense that ministers for agrarian reform and the environment support the family model while ministers of economy, industry, trade, and agriculture support agribusiness. In this conflict, the interests of the campesinos are lost. Our analysis of the Lula government's policies shows that Lula favored the agribusiness sector much more than family-owned agriculture. The general guidelines of his economic and agricultural policy have always given priority to the export-oriented agribusiness. And agrarian reform, the most important measure to alter the status quo, is in fact paralyzed or restricted to a few cases of token social compensation.