

Land Reform in Brazil

◆

Geoffrey Lee

BRAZIL is the fifth largest nation in the world (3,286,426 sq. miles) and has the eighth largest economy. It is rich in natural resources yet it is claimed that 32 million of its 166 million people go hungry every day.¹ To find the answer to that paradox it is necessary to investigate the history and development of the country.

Little is known about the early history of Brazil except that for at least 10,000 years before the Portuguese arrived in 1500 it was inhabited only by Indians. There were about five million when the Portuguese arrived. Today there are just over 200,000.

There were some settlements made by the Portuguese during the first 50 years of their claiming possession, but in 1548 King Joao III of Portugal brought the country under royal control. Sugar plantations were set up and the Indians were driven off their lands.

This richly endowed country did not escape the attention of other European nations and the Dutch, who had a powerful fleet in the Caribbean, were the first to move. They had fought a war of independence with Spain (which was united with Portugal at the time) and needed to distract both countries from the newly formed United Provinces. The battles were conducted by the Dutch West India Company against the Portuguese settlers. In 1624 the Dutch took the city of Salvador but were expelled a year later. They moved north and seized land from Pernambuco up to the Amazon. The Portuguese settlers

fought against them and in 1654 the Dutch were driven out for good.

Adventurers, known as *bandeirantes*, pushed into the interior of Brazil, plundering the Indians but always accompanied by a priest or two, since they were "devout Catholic cut-throats".² They discovered gold in Cuiabá, and although often entire groups were slaughtered by the Indians, and the journey of over 2,000 miles took six months, they kept coming.

GEOFFREY LEE was executive editor of *Country Life*, and is now a financial consultant to the *Historic Houses Association*. He is the author of *The People's Budget (1996)*, a study of the *Liberal government's attempt to introduce Land Value Taxation in 1909*.

BY THE 18th century the gold was keeping Portugal afloat and immigrants were pouring into Brazil. The king of Portugal offered grants of land to settlers who were allowed to enslave the natives and grant licenses for enterprises such as sugar mills. These settlers could also rent land to other incomers on condition that they carried out improvements. Unlike

other immigrants to the New World from Europe, who tended to be the poor or those escaping persecution, the Portuguese came from rich families and had entrepreneurial skills.

Labour shortages forced the Portuguese settlers to try and recruit the native Indians as workers. When this failed they enslaved them. By 1538 they had turned to importing slaves from Africa, "a trade that grew to horrendous proportions driven by the insatiable demand of sugar millers, mine owners and coffee planters. Before the

slave trade definitively ended in the early 1850s, some 3.6 million Africans had been forcibly transported to Brazil".³ Other estimates put the figure as high as 10 million, but the death toll was so high and the statistics so sparse that a true figure cannot be gauged.

The landlords grew rich on such a system and their monopoly of ownership also created a landless peasantry forced to work for subsistence wages. The richest colonists, as well as owning the land, often owned the sugar mills into the bargain. They tended to inter-marry, and John R. Hall points out that even in 1818, of the 316 mills in Bahia, 92 were owned by 20 connected families. He goes on to say:

Essentially, among traditional elite families, the politics of marriage and the inheritance tended to be dictated by considerations of maintaining and concentrating family wealth, by way of a number of pragmatic strategies. As in Europe, "excess" daughters could be sent off to convents, as a way of avoiding the fragmentation of family wealth in expensive marriage dowries.⁴

Cousins would marry, son-in-laws would be brought into the family, large landholding families in adjoining regions would inter-marry and so on. This resulted in the creation of vast landholdings in the hands of a small group of powerful families – even to the present day.

WHEN NAPOLEON invaded Portugal in 1807 the British navy evacuated King Joao VI to Rio de Janeiro, which became the temporary capital of the Portuguese Empire. The king opened up the country to non-Portuguese shipping, so aiding its trading position. He eventually returned to Portugal and left his son Dom Pedro as prince regent and governor of Brazil.

In 1822 Dom Pedro, unhappy with interference from Portugal, declared himself Emperor of Brazil and made the country independent. A year later the Portuguese military forces had gone and Brazil was truly independent. It attracted immigrants on a large scale from Europe, mostly from

Portugal, Spain and Italy, although thousands of non-Europeans also entered the country.

"Arab and Japanese immigrants entered Brazil in greatest number between the last decades of the 19th century and the middle ones of the 20th, composing about 11% of the total immigrant pool (300,000 of 2,731,360). Some 107,000 Arabs, mainly Greek (Melkite) and Maronite Catholic or Orthodox, entered, but the overwhelming majority (almost 91%) arrived from Syria and Lebanon in the 30 years starting in 1904. At least 189,000 Japanese immigrants settled in Brazil between 1908 and 1941, with another 50,000 arriving after 1950. Most Arab immigrants came independently to Brazil, and many began their working lives as peddlers, eventually settling in large and small cities, where they opened shops (often selling textiles and related goods) and later factories. Japanese immigrants, however, came as part of a large-scale labour migration that was formally arranged between the Japanese Imperial Government and individual Brazilian states."⁵

The abolition of slavery in 1888 had merely turned the ex-slaves from physical slaves into economic slaves. Although Brazil seems to be relatively free of racial problems, claims are made about discrimination in employment and education among Afro-Brazilians. In 1976 the Brazilian Institute of Geography and Statistics conducted a survey to describe skin colour and came up with 134 different categories – some bizarre in the extreme. The 1990 census showed the population was 55.3% white, 39.3% brown, 4.9% black and 0.5% Asian. No statistics for Indians were provided.

Almost 60% of the population in this the sixth most highly populated country in the world are under the age of 30. However, a declining birth rate and increased life expectancy will bring about a major change in age distribution. The Brazilian government expects the population will stabilise at around the 200 million mark by the year 2020.

About 78% of the population live in

urban areas. Sao Paulo is the greatest industrial centre in South America and with nearly 16 million people in its vast metropolitan sprawl is one of the three largest cities in the world along with Tokyo and Mexico City.

ONE OF the reasons for the urban concentration is that rural land is simply not available. About 1% of the owners hold 46% of all land. "The manner in which the land is utilised does not represent the interests of society as a whole and, much less, of the workers. The enormous potential that these available natural resources represents is not employed for the economic progress and well-being of the entire population. The overwhelming majority of lands lie idle, badly utilised, underutilised, and destined for extensive cattle grazing, or simply, for speculation and reserve wealth. The best lands are destined for monoculture exports, such as sugarcane, coffee, cotton, soybeans and oranges. Meanwhile, the production of basic foods for the internal market is practically stagnant."⁶ An added complication is the heavy duty that the USA and Europe impose on imports from Brazil.

Brazil has had a complicated history since its independence in 1822. Dom Pedro proved a difficult and erratic ruler and abdicated in favour of the heir apparent Dom Pedro II in 1831 who was only four at the time. The power vacuum led to uprisings from slaves and the dispossessed which were not resolved until 1850. A disastrous war with Paraguay that lasted for six years from 1864 saw Brazil suffer over 100,000 casualties. The monarchy collapsed in 1889. Dom Pedro II fled to France to die in poverty in a seedy Parisian hotel.

A military regime then kept control until the first civilian president was elected in 1894. A boom-bust economy lasted until 1930 when a radical leader, Getúlio Vargas, took over and was to keep power for another 25 years except for an interlude when an army general, Eurico Dutra, became president. Brazil was the only country in South America to join in World War II with 5,000 men fighting in Italy. Vargas got back into power in 1950 but his

position was under threat amid a crisis in 1954 and he committed suicide.

Juscelino Kubitschek took over and lasted his full term as president – helped no doubt by an economic boom. He is best known for bringing in Oscar Niemeyer to design the revolutionary capital Brasilia – an attempt to populate the central parts of the country. He was also responsible for promoting industry (particularly car manufacture) as a way of providing substitutes for expensive imports. A military coup in 1964 saw 21 years pass with democracy in abeyance. The division between rich and poor, trade unions and employees caused an explosion of violence, with workers occupying estates, and the landowners calling for the army.

The military dismantled democracy, putting in place a Congress with "only two parties, an official government and an official opposition ('The difference,' ran the joke at the time, 'is that one says Yes, and the other, Yes sir!')."⁷ The real opposition was repressed, its leaders tortured and imprisoned.

THROUGH IT ALL the landlords kept their power and possessions. The landless were driven into squalid *favelas* on the outskirts of the big cities. One answer seemed to be the opening up of the vast Amazon basin. "Land without people for people without land!" was the slogan, and highways were driven through the rainforests which were cut down for cattle grazing. However, there were people in the Amazon, millions of them, and a conflict was set up that goes on until this day. Hundreds died during these battles over land.

The military regime came to an end in 1985 and the *Nova República* (New Republic) was born which produced a corrupt government that did nothing to stop the existing hyperinflation. This lasted until Fernando Henrique Cardoso, finance minister, introduced his *Plano Real* in 1994, which brought inflation under control.

Cardoso, a left-wing academic, became president and pushed through a successful privatisation programme and got himself re-elected in 1998. Ted G. Goertzel claims that

Cardoso is the most distinguished Marxist scholar to lead a nation since the death of Lenin. He belonged to a group that carefully dissected all three volumes of *Das Kapital* and many other Marxist classics. His voluminous scholarly writings include references not only to Marx, but to many other luminaries of historical materialism, including Lenin, Trotsky and Rosa Luxemburg. Since his election to the presidency, however, he has been a vigorous advocate of free markets and privatisation. Multilingual and personable, he travels the globe wooing investors, and has been repaid with massive infusions of corporate capital. Goertzel sees no conflict here:

Cardoso has actually been more consistent in both his theory and practice than many people assume. In 1964, Cardoso was completing his doctorate in sociology and preparing for an academic career at the University of Sao Paulo when a military *coup d'etat* forced him into exile in Santiago de Chile. He got a job with a UN think tank, where he was thrown into international debates about development policy. The result of these discussions was the 1972 book, co-authored with Enzo Faletto, *Dependency and Development in Latin America*, which established his international reputation. *Dependency and Development* had a leftist tone that criticised the exploitation of Latin America by imperial powers. But it also showed that Latin America had, at certain points in history, been able to find strategies for development within the confines of the capitalist world system. It was more subtle and sophisticated than much of the literature on dependency, which portrayed Latin America as a helpless victim of Europe and North America.⁸

The 1990s saw the formation of the *Movimento dos Sem Terra* (MST – the landless movement) a radical organisation which encouraged land invasion. The MST manifesto includes among its ten clauses:

1. We are landless. We are workers and dream of a better Brazil for all. But in Brazilian society, the right to a dignified life is currently denied to the people.

5. We fight for agrarian reform in order to work, produce, and guarantee abundant food on the table of every Brazilian.
9. We want a better Brazil. A Brazil for all. With attention to the people's basic necessities, with the democratisation of land, wealth, and power. Where there might be hope, a future for our people and pride in constructing a nation for Brazilians.⁹

There had been attempts in the Vargas era at some type of land reform. In 1938 the Land and Settlement Division created National Agricultural Settlements. These were set up in several states. The Division was replaced in 1954 by the National Immigration and Settlement Institute which itself was replaced in 1962 by an Agrarian Policy Authority. A Land Statute Bill had been drafted in 1961 but never approved. Cadastral surveys were carried out with a view to illustrate the system of land tenure and a Rural Land Tax was proposed. In 1971 the National Institute for Rural Settlements and Agrarian Reform was set up but little happened during the period of military rule (1964-85).

The New Republic formulated the first National Plan of Agrarian Reform (1985-89), which proposed the settlement of 1.4m families during the period. This was unrealistic and by 1989 the government had settled 83,624 families on 7.71 million ha. The Cardoso government now proposes to settle 100,000 families a year. In 1989 the government signed up for a \$1bn loan from the World Bank to help landless farmers.

The MST land occupations, which are partly legalised, are another gesture towards land reform. President Cardoso has had meetings with the leaders of the MST and is promising to hand out more land than any previous administration.

What is missing from the proposals is any form of Land Value Taxation (LVT), which would accelerate the process of land redistribution and capital investment without the need for World Bank loans. At least 60% of farmland is idle so it is of no benefit to the owners other than a possible future

speculative value. Make the owners pay an annual rent to the community for this land, and they would have little choice but to release it to the dispossessed who could use it and would willingly pay the rental value to the community. Brazil already has a Tax on Property of Rural Real Estate (ITR) levied annually at variable rates on the value of rural estates. This could be readily transformed into a land value tax.

The World Bank loan to farmers to buy land immediately puts the dead weight of debt repayment and high interest charges on their efforts, making it problematic whether or not they succeed in their enterprises. In practice, when cheap land and cheap loans have been offered the recipients have often not worked the land but sold it at a profit and gone back to the urban centres. Neither way provides an answer. LVT would offer an equitable solution for Brazil's landless millions, close the gap between rich and poor, and ultimately end the crime generated by the poverty that the present system engenders.

Bibliography

- Levine, Robert M., and John J Cróccitti, *The Brazil Reader*, London: Latin America Bureau, London, 1999.
- Graham, Lawrence S., and Robert H. Wilson (eds.), *The Political Economy of Brazil: Public Policies in an Era of Transition*, Austin: University of Texas Press, 1990.
- Cleary, Davis, Dilwyn Jenkins and Oliver Marshall, *The Rough Guide to Brazil*, Rough Guides, 2000.
- Graham, Richard, editor. *Brazil and the World System*, Austin: University of Texas Press, 1991.

References

- 1 War on Want leaflet (no date).
- 2 *The Rough Guide to Brazil*, p.627
- 3 *Brazil and the World System*, p.2.
- 4 *Ibid.*, p.72.
- 5 *The Brazil Reader*, pp.374-375.
- 6 *Ibid.*, p.265.
- 7 *The Rough Guide to Brazil*, p.634.
- 8 *The Brazil Reader*, p.290.
- 9 *Ibid.*, pp.266-267.

The Geophilos Interrogation: Economic Reform

LAND REFORM is the pre-requisite for establishing sustainable economic and social development in countries where hundreds of millions of people continue to exist below the bread line. Western governments and the international financial agencies have ideological problems with promoting anything that smacks of changes to rights of access to land. Zimbabwe's President Robert Mugabe had set back the cause of reform with his pillaging tactics.

In *Africa*, some countries are attempting to evolve strategies which may one day yield results.

- **Mozambique's** 1997 Land Law is considered to be an important example of innovative land law reform. It represents an attempt to integrate customary and formal legal frameworks, to secure land rights for communities, families and individuals.
- More could have been expected of **South Africa** under the original leadership of Nelson Mandela. Nonetheless, its government is negotiating a certain redistribution of land to black farmers. Given its history of taxation based on rental income, South Africa could have integrated fiscal reform into a doctrine of rights that placed all citizens on an equal footing with respect to land. It has yet to do so.

In *Latin America*, squatter movements are well organised, but the landlord class is willing to use gun law to preserve its privileges.

- In **Bolivia**, 4.5% of the nation's landowners own 70% of food-producing acreage. An estimated 100,000 landless farm workers live in extreme poverty.
- The **Chilean** government has initiated a modest agrarian reform that allows the state to redistribute idle land. This has enraged the landed oligarchs, and the Bush administration has made its disapproval patently clear through diplomatic channels. The political climate remains dangerous.

In this review, Geoffrey Lee examines the concept of land reform as it is generally applied in developing countries. But economic reform is also intruding onto the agenda in the developed countries. New Zealand led the way with change in the 1980s, but as Francis Smith explains, that country's experiment has failed to deliver uncontested solutions.