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Agrarian Reform and Poverty Reduction: Lessons from Brazil

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Introduction

Brazil is among the countries in Latin America with the most extreme concentration of land, in a region noted for having the worst distribution of land in the world. It also has one of the worst income distributions, with a large share of its rural population - almost two-thirds - living in poverty.

Following the general Latin American pattern, during the period of its state-driven industrialization process Brazil passed its first agrarian reform law. Efforts at land distribution until the mid-1980s, however, were minimal and largely focused on colonization of the agrarian frontier. In the 1990s, nonetheless, Brazil was one of the few Latin American countries carrying out a redistributive agrarian reform, largely driven by pressures from the landless movement. At the same time, Brazil experimented with World Bank-inspired market-led land reform. Moreover, in 2003 Brazil elected its first leftist, working class president, Luis Inácio Lula da Silva, who pledged to carry out a comprehensive agrarian reform.

This essay presents an assessment of Brazilian efforts at land redistribution over the past twenty years. It seeks to explain why agrarian reform has been on the agenda in Brazil when in the rest of the region the process was considered to be over, as well as why in the late 1990s the government was expropriating land at a faster rate than ever before in its history, while also pursuing market-led land redistribution. The essay also seeks to draw lessons from Brazil's experience with 3,000+ land reform settlements, particularly with respect to poverty reduction. A main concern of the essay is with what has worked and under what conditions.

The Prelude to Agrarian Reform Efforts

Beginning in the late 1940s, land struggles throughout Brazil, particularly those of dispossessed squatters and tenants on large estates, began to gain visibility. Incipient steps in recognition of rural workers' rights included their gaining the right to organize and the 1963 Rural Workers' Statute whereby rural wage workers gained similar rights to those achieved by urban workers in the 1930s. Nonetheless, demands for agrarian reform met with fierce resistance. These disputes were part of the political crisis that led to the military coup of 1964.

One of the paradoxes of Brazilian agrarian policy is that the Land Statute - the agrarian reform law that has oriented the land policy of the different governments up through the current period - was adopted after the military coup of April 1964. The Land Statute opened up the possibility for the state to expropriate land, with compensation, when it was in the social interest, specifically, in the case of land conflicts.

The objective of this legislation was the gradual extinction of extremely small parcels (minifundios) and the large landed estate (latifundios), both which were considered to be the source of rural social tensions.¹ The ideal model became the rural

¹ In the Land Statute landholdings were defined as follows: minifundios (farms less than one rural module) and, hence, by definition incapable of generating the average level of subsistence necessary for a rural

enterprise (which could include family-run enterprises) characterized by an adequate level of land use and productivity which complied with labor legislation and preserved the environment. The paths whereby latifundios were to be transformed into enterprises included their expropriation due to the social interest in the case of land conflicts; progressive taxation; and support to production, including credit, technical assistance, cooperative development etc.

By the end of the 1960s, the military regime's interest in colonization far surpassed that in land redistribution. In subsequent years land conflicts were largely solved by violence and repression rather than by land expropriation. The military regime opted to confront the backwardness of agriculture via technological modernization without changing property relations. The principle mechanism to spur modernization became the availability of cheap and ample credit combined with tax incentives of various kinds.

Modernization was accompanied by the massive displacement of workers who had formerly lived and worked on the large estates. The dispossessed former residents on large estates moved to the peripheries of the cities where they became part of the temporary, seasonal labor force for capitalist agricultural enterprises. In addition, tax incentives to stimulate the colonization of the agricultural frontier led to significant deforestation and the expansion of cattle production as well as encroachment on the lands of indigenous peoples. The result was the intensification of land conflicts throughout Brazil, but particularly in the Amazon region, as large extensions of land were appropriated by large enterprises pertaining to the industrial and financial sectors.

The principal organization of rural workers in this period was the National Confederation of Agricultural Workers, CONTAG (Confederação Nacional dos Trabalhadores na Agricultura). In a context of heavy repression, its involvement in these land conflicts was largely procedural. The Catholic Church was the main institution denouncing rural violence and supporting the organization of rural workers both morally and materially. The Pastoral Land Commission (Comissão Pastoral da Terra, CPT), created in 1975 by the Catholic Church, came to play a major role in legitimizing forms of resistance by the poor and their struggle for land, as well as in training a new generation of rural leaders. The critique of traditional unionism as embodied in CONTAG grew out of these efforts. A new, combative rural unionism emerged focused on the mobilization of rural workers. These oppositionary forces played a major role in the land conflicts of the late 1970s and early 1980s (Medeiros 2002).

The Redefinition of the Agrarian Question in the 1980s

If the land struggles of the decades of the 1950s to 1970s were primarily struggles of resistance to dispossession, by the end of the 1970s new actors had emerged, making the agrarian question even more complex. The construction of large hydroelectric dams

family; latifundios by utilization (properties between 1 and 600 rural modules whose level of productivity was less than the regional average); latifundios by size (properties larger than 600 modules, irrespective of type or productive characteristics); and enterprises (farms between 1 and 600 modules), with the module defined regionally taking into account land quality, climate and the prevailing technology (Campagnole, 1969).

throughout the country displaced many small farmers and small towns. Initially demanding restitution of lands in the same region, this movement was soon demanding an end to compulsory dislocations and eventually questioning the very logic of large dam construction.

In the western frontier state of Acre, traditional rubber-tappers began protesting the destruction of native forests and their conversion to pasture lands in the wake of the expansion of the cattle industry. They were successful in merging their demand to maintain traditional access to forest land with the demands of environmentalists, gaining national and international recognition for their cause. In other regions of the country other demands emerged, such as by small farmers in the South who were attempting to modernize for access to credit and better crop prices. In addition, there were growing confrontations between small farmers and agro-industry (particularly in chicken, hog, tobacco and grape production) over prices and the conditions of their integration. Rural wage workers, for their part, increasingly mobilized and drew attention to their precarious conditions, including low wages, long work days and their lack of access to basic workers' rights and benefits.

In this context of broadening rural conflict - just as the country was going through a process of political opening and redemocratization - agrarian reform was once again placed on the agenda. At its Third National Congress in 1979, agrarian reform emerged as one of the principal demands of CONTAG. The National Conference of Bishops (CNBB, Conferência Nacional dos Bispos do Brasil) positioned the church against the concentration of land, land speculation and the exploitation of workers.

This is the period in which land occupations began as a form of struggle, eventually giving rise to the formation of the Movement of Landless Rural Workers (MST, Movimento dos Trabalhadores Rurais sem Terra). The landless movement was initially formed by small farmers who had either lost their land or who were unable to increase their access to land and were being excluded from the process of modernization. Land occupations became the means to draw attention to their plight and to pressure the state to carry out an agrarian reform. These began in the state of Rio Grande do Sul in the late 1970s, spreading to neighboring states in the early 1980s, and was to become the principal means of struggle for agrarian reform. Moreover, these land occupations also became the means of constructing a political identity - the landless - and a specific organization, the MST (Grzybowski 1987; Medeiros 1989; Wright and Wolford 2003).

These rural conflicts were taking place at the same time that urban mobilizations were intensifying around demands that ranged from political amnesty for political prisoners and exiles, to demands for salary increases. Notable among the latter was the 1978 strike of the metallurgy workers in the industrial area of São Paulo that led to the rise of Luis Inácio da Silva (Lula) as a political figure and the formation of the Workers' Party (PT, Partido dos Trabalhadores). These struggles slowly but steadily merged into the demand for political opening and redemocratization of the country, eroding the legitimacy of the military regime. The large-scale urban and rural popular mobilizations that marked the end of the military regime raised expectations regarding the possibility of an agrarian reform.

The Agrarian Reform of the New Republic

Even before the democratic government took office, a working group was formed to elaborate a proposal for a national agrarian reform plan. Its composition was broad, including advisors of the rural unions and members of the Brazilian Association of Agrarian Reform (ABRA, Associação Brasileira de Reforma Agrária, an organization of intellectuals committed to agrarian reform). The Sarney government soon created a Ministry for Agrarian Reform and Development (MIRAD, Ministério da Reforma Agrária e Desenvolvimento), and a political figure linked to the Catholic Church and sympathetic to agrarian reform, was named as minister. INCRA, the land reform agency, was brought under MIRAD, and an historic defender of agrarian reform (one of the authors of the Land Statue and founder and president of ABRA) was named as its president.

The proposal for a National Agrarian Reform Plan (PNRA, Plano Nacional da Reforma Agrária) was symbolically presented to the Fourth Congress of CONTAG in May 1985. The same evening that the proposal was presented, the MST carried out twenty-two occupations in western Santa Catarina calling attention to its unhappiness with the agrarian reform proposal and its lack of confidence that the government would implement even a weak agrarian reform. These actions marked the beginning of a political dispute over the content of the agrarian reform that has characterized the subsequent twenty years.

In the proposal, the principal means of obtaining land for redistribution was its expropriation in the social interest. Lands were to be compensated based on the declared value for tax purposes. Since such valuations tended to be notoriously below market value, the proposal implicitly assumed that expropriation would penalize landowners for not utilizing their land in the social interest (Medeiros 2002). Alternative means of obtaining land for the reform included colonization, the recuperation of illegally titled national lands, and via a progressive tax on underutilized lands.

In terms of concrete goals, the proposal was to settle seven of the estimated 10.5 million landless households in a period of 15 years. It was assumed that the remainder would be employed as wage workers in the capitalist agricultural sector whose working conditions would improve once surplus rural workers were settled on agrarian reform lands.

The PNRA proposal took the Land Statue to its ultimate consequences - expropriation in the social interest - and was strongly supported by CONTAG. But the proposal was contested by other organizations, such as the MST, that considered it to be too timid.

If these groups opposed the proposal because they wanted a deeper and more rapid agrarian reform, other organizations, representing agrarian capitalists and land owners, tried to block it altogether. Among them were the Brazilian Rural Society (SRB, Sociedade Rural Brasileira) and the National Confederation of Agriculture (CNA, Confederação Nacional da Agricultura). But the proposal also caused fissures within these organizations. A new organization of rural entrepreneurs, the Rural Democratic Union (UDR, União Democrática Ruralista), was formed which urged its members to use

force to resist land occupations, gaining it attention in the national press as well as supporters in the national congress.

The landowning sector essentially defended their right to negotiate the sale of land to the state as an alternative to expropriation (and its punitive implication). They also contested the definition of a 'productive' enterprise. They were successful in incorporating into the final version of the PNRA that any farm in production was exempt from expropriation, irrespective of its size or use.

INCRA did begin carrying out expropriations, principally in long-standing areas of agrarian conflict in the Northeast and North Land conflicts - including acts of resistance as well as land occupations - continued, as did the incidence of violence in the countryside. The church-affiliated CPT continued to be the main voice denouncing such violence nationwide.

The convocation of the National Constituent Assembly in 1987 was the next act in the saga over agrarian reform. Notwithstanding strong popular pressure to strengthen the provisions in the new constitution in favor of an ample agrarian reform, landlord opposition managed to stop the bulk of such efforts. Nevertheless, there were a number of advances in the new constitution, particularly with respect to social rights, including the extension of social security provisions to rural workers (including those in family agriculture) and with respect to women's rights to land (they were now mentioned explicitly as potential beneficiaries), but also with regard to the legal basis for agrarian reform.

Previous Brazilian Constitutions made only passing reference to the social function of land. The 1988 Constitution states explicitly that land should serve a social function (Art. 5, xxiii), and also defines such, following the precedent set in the Land Statute: that land should be utilized rationally and in a manner protective of the environment; that labor regulations must be adhered to; and that the well-being of both owners and workers should be taken into account. In addition, the constitution provides for expropriations in the social interest to be compensated for in agrarian reform bonds (to be indexed so that their real value is preserved) payable over 20 years with the valorization of land determined by what the owner declares for tax purposes. Exempt from expropriation are small and medium (those smaller than 15 rural modules) as well as productive properties and the definition of the latter would continue to be a point of contention.

It took almost five years before the necessary implementing legislation was adopted by the congress, largely at the insistence of the Workers' Party. The Agrarian Law of February 1993 (No. 8629) opened up some possibilities to deepen the agrarian reform, while it closed others. For example, it established that preferentially, public lands were to be used for the agrarian reform. Some controversial points were maintained such as the tension between the social function criteria of land and the definition of productive properties that were exempt from expropriation. This had the effect of strengthening the role of the judiciary in settling contested expropriations.

Rural Workers' Organizations and the Land Settlements of the New Republic

In total, between 1985 and 1994, 140,065 families were settled on *assentamentos*, more than during the whole twenty-one year period of military government, but a pittance compared to the numbers demanding land. A large number of the agrarian reform settlements created were in the Northeast and North, where many of the beneficiaries were peasant families who had been fighting their dispossession.

While the numbers may seem insignificant, the experiences generated on these land reform settlements were important for the future course of the agrarian reform. The MST-organized *assentamentos* in the South are an important example. The MST was quite aware of the importance of successfully organizing production on these new settlements so that they would serve as a model, demonstrating the potential of the agrarian reform. In the late 1980s they began experimenting with various forms of collective production and cooperatives of various types. Moreover, they emphasized not only political education, but also formal education and the eradication of adult illiteracy. They also began to demand state resources to develop infrastructure and agro-industrial projects on the settlements. In addition, they began to rotate talented local leaders to other regions of the country in order to organize new land occupations and thus to expand the movement nationally. As these experiences matured, the lessons learned were applied to the growing number of *assentamentos* of the 1990s.

With respect to the rural unions, they were initially weakened by their faith that the government would carry out an agrarian reform on its own volition. CONTAG slowly came to recognize that the agrarian reform was moving forward only because of the MST-led land occupations. CONTAG was also weakened politically by the organization and growing strength of the Rural Department within the CUT (Central Unica dos Trabalhadores) which captured the most progressive union forces. It was this latter group that, once they gained control of numerous municipal-level unions and various state federations, also began to carry out land occupations.

The Expansion of the Struggle and of Agrarian Reform Beneficiaries

The priority of the government of Fernando Henrique Cardoso upon taking office in 1996 was growth and employment generation. Agrarian reform was considered necessary not only to secure social peace but also because it was thought that employment could more readily be generated in agriculture and at a lower cost than in other sectors of the economy. The government's initial plan was to settle 280,000 families on *assentamentos* in four years (Cardoso 1994). This was a rather timid goal, given the demand for land, but not insignificant when compared with previous governments. The goal was to create viable family farmers and the government thus pledged to provide each beneficiary family with a financing package that included a settlement grant and three credit lines under PROCERA (the agrarian reform credit program instituted in 1986) for working capital and investments in social and productive infrastructure as well as technical assistance.

But agrarian reform quickly lost political momentum within the government since Cardoso's top priority became stabilizing the economy and combating inflation. In this

unfavorable context, the pressure of the social movements intensified, particularly that of the MST, which increased the pace of land occupations. Two, practically sequential massacres of rural workers (Corumbiara in August 1995 and Eldorado dos Carajás in April 1996) highlighted how traditional forms of violence continued to be used against rural workers and served to reactivate the public debate regarding agrarian reform. Moreover, international pressure came to bear on the Cardoso government, particularly by human rights groups. These events marked a turning-point in the Cardoso government. A new Ministry Extraordinaire of Land Policy was then created and INCRA was once again removed from the province of the Ministry of Agriculture and brought under this new ministry.

In tandem, the MST intensified its mobilizations as well as efforts to win over public opinion to its cause. The high point of this period was the National March for Agrarian Reform, Employment and Justice (known as the March of the Landless) that from diverse points of this vast country, converged on the capital of Brasilia on the first anniversary of the massacre of Eldorado de Carajás. A three month-long march, it resulted in the demands of the landless - and their impressive degree of organization - being reported on the front page of newspapers and prime time television for its duration. It also served as a catalyst for the manifestation of diverse anti-government sentiments, many expressed for the first time, particularly with respect to the impact of Cardoso's economic policies.

Facing escalating anti-government social mobilizations, the Cardoso government responded by trying to isolate the MST in order to reduce its role as the main protagonist of agrarian reform. At the same time, it sought to take the initiative with respect to agrarian reform. As Medeiros (2002) argues, a new institutionality resulted from this effort. Often the result of temporary decrees or complementary legislation, it demonstrates the urgency and importance that the agrarian question had assumed for the state. This new institutionality was inscribed in a broader reform of the state around the pillars of decentralization, shrinkage of government and privatization.

Some of the new measures intended to accelerate the acquisition of land for new rural settlements and to lower the high cost of indemnization for expropriated properties by confronting the multiple ways utilized by landowners to avoid expropriation. For example, one measure prohibited the subdivision of an estate once notification had been given of its forthcoming inspection to prevent an estate from being divided up among family members into units smaller than those eligible for expropriation (Ibid.). In order to encourage the sale of unproductive land and its more efficient use, in 1996 the government increased the land tax on unused land, with the precise rate depending both on farm size and the degree of land utilization. This measure was complemented by efforts to modernize the rural land cadastre and institute a national land registry, measures that would also allow more precise identification of illegally-titled national lands and increase the supply of public land available for redistribution (Reydon and Plata 2002).

Another series of measures intended to curtail the actions of the rural social movements, particularly the MST. Among the most important was the decree that prohibited the inspection of properties that had been the target of a land occupation, thus ending once and for all the possibility that occupations would lead to expropriation.

Another, sought to end a common form of protest against the slowness of INCRA's procedures, the occupation of its local or state headquarters. If a public building was occupied, negotiations on whatever issue was in dispute were to be suspended immediately. Another measure prohibited the disbursement of public funds, at whatever level of government, to individuals who participated in any kind of occupation of land or public property. The new measures thus sought to end what had been the most successful means of carrying out an agrarian reform from below: the land occupations. These measures were accompanied by what the MST considered to be persecution of the movement, with a number of its leaders jailed on various charges and it being accused of the mal-appropriation of credit provided to the land reform settlements.

To retake the initiative on agrarian reform, the Cardoso government launched a new beneficiary selection process whereby those seeking land could apply directly to INCRA by filling out a form at the post office. The social movements responded by urging their members to apply for land, and over three-quarters of a million people signed up.

In tandem, the government began a process of decentralization of the functions of INCRA, a highly centralized and hierarchal institution, in order to speed up and simplify the process of land acquisition (INCRA 1997). Key among them was the decentralization of many administrative functions from the headquarters in Brasilia to the regional superintendencies, intended to accelerate the process of decision-making. There was also a concerted effort to involve the state and municipal governments in the agrarian reform.

These initiatives were consolidated in the 1999 program known as "The New Rural World" the main theme of which was "to bring quality to the assentamentos" (MEPF, 1999). Agrarian reform beneficiaries were equated with family farmers and the aim became to treat both of these sectors in a parallel fashion in the policies executed by the newly created state and municipal-level Sustainable Development Councils. In partnership with the federal government, these were to define the lands to be acquired for the agrarian reform and how these would be obtained, taking into account cost-benefit analysis with respect to needed infrastructure, credit, technical assistance etc.

It was also envisioned that some of the traditional activities of INCRA (such as topographical studies, the demarcation of individual plots, the construction of basic infrastructure, the production plan of the *assentamento*, etc.) would be privatized by giving grants to the *assentamento* associations themselves to contract these services. . Another objective was to rapidly "emancipate" the settlements from state tutelage (within two or three years after the demarcation of plots), transforming the agrarian reform beneficiaries into full family farmers. This also meant that beneficiaries would commence to pay their land debt shortly thereafter.² In the government's new view, agrarian reform beneficiaries were to be viewed as mini-entrepreneurs who must adjust to market competition.

² Brazilian legislation requires beneficiaries to pay for their land, but over a lengthy period and only once the state has provided them with the necessary infrastructure to be able to do so, including schools, health facilities, physical infrastructure etc.

The Experiments in Market-led Land Reform

In the 1990s the World Bank rediscovered agrarian reform as a mechanism to combat poverty world-wide. Drawing on the critique of traditional land reform efforts, the Bank proposed an alternative reform model based on direct negotiations between landowners and those demanding land. It was argued that such a market-led model would result in a more rapid and efficient redistribution of land with much less political conflict.

The first experiment with this policy in Brazil began in the state of Ceará in 1996. The next year the government expanded the program to four other states, in what came to be known as the Cédula da Terra Program. It was to be based on the constitution of associations of small farmers or landless workers who were to identify a farm for sale and then take their proposal for its purchase to either a bank or the state-level land agency. The price was to be negotiated directly between buyer and seller, but was subject to the approval of the relevant government agency based on the analysis of the average market price in the region for land of similar location, fertility and potential economic use. In addition, the government agency was to verify that there was a clear title to the property; that the land could be employed in a sustainable manner and that it could be exploited profitably with a minimum of additional investment, generating a sufficient income for the beneficiaries; that the infrastructure, water availability and market access were sufficient; and that the property was of adequate size to accommodate the number of proposed beneficiary families (Buainain et al 1999).

Once these conditions were met the association would receive a ten-year mortgage (with a three-year grace period) via an intermediary financial institution to purchase the land. The beneficiaries were then eligible for another loan for working capital and for grant funding to cover settlement costs, the purchase of technical assistance, and for social and productive infrastructure investments. The US\$90 million World Bank loan to the government was for the financing of the grant component, with the land credit coming from US\$60 million in counterpart funding by the Brazilian government. The aim was to benefit 15,000 families over three years (1998-2000) with 400,000 hectares of land (Teófilo et al 2002).

Even before this experiment in market-led reform was evaluated, negotiations with the World Bank began to extend the program to other regions of the country, through the creation of a Land Bank (Banco da Terra). The Land Bank proposal differed from the Cédula da Terra program in that fighting poverty was not one of its objectives. Thus potential beneficiaries with higher household incomes than allowed under the latter program could participate. Moreover, all the financing was in the form of loans.

From the government's perspective the market-led program was attractive primarily due to the continued pressure of the social movements to increase the pace of expropriations in addition to the high costs of these, the latter largely the result of the actions of the judiciary. There was also a favorable context for land market transactions at that point in time due to the fall in land prices as a result of the macro stability engendered by the Plan Real which decreased land prices in some regions on the order of 60 percent (Reydon and Plata 2002).

The main voice of opposition to the Land Bank was the National Forum for Agrarian Reform and Justice in the Countryside, a grouping of thirty-two social movements and non-governmental and religious organizations constituted in 1995. Its members opposed it for slightly different reasons. The opposition of CONTAG was framed in terms of the need to defend land expropriations in the social interest. It also favored a maximum size limit on landholdings and an end to excessive compensations to expropriated landowners by the judiciary. The MST denounced the Land Bank as a subterfuge to demobilize the rural social movements as well as a travesty, since it would reward landlords for their unjust concentration of land. Moreover, given the power of the landlord class at the state and local level, such devolution of state responsibility for agrarian reform would put land reform precisely in the hands of those who have traditionally opposed it while strengthening traditional patron-client relations.

The Forum engaged in a major campaign against the proposed Land Bank, drawing support from international allies opposed to the World Bank model, such as Via Campesina and FIAN (the Food First Information and Action Network), to give visibility and prestige to the campaign. Nationally, congressional hearings were held and meetings demanded with the World Bank office in Brazil. Finally, the Forum requested that the World Bank undertake a formal inspection of the Cédula da Terra Program, a mechanism provided for by the Bank's charter. Among the main concerns raised by the Forum was that the market-led program would gradually replace traditional reform by expropriation. Another was with respect to the conditions of the land mortgages, for it seemed unlikely that the beneficiaries of these programs be able to repay their loans given the crisis facing Brazilian agriculture. In states such as Ceará, Maranhão and Bahia, the associations of beneficiaries had been formed at the behest of landowners simply hoping to profit from the state's financing of land transactions. Moreover, there was concern that the program was having the result of raising land prices, reverting the previous tendency towards their reduction. Finally, another major criticism raised focused on the lack of participation of the rural workers' organizations in the program (Wolff and Sauer 2001; Fox 2001).

The World Bank turned down the request for an inspection panel. But it did agree to amend the loan agreement so that lands that would otherwise be eligible for expropriation be excluded from the Land Bank program. At the same time, in the face of the mounting criticism of the Land Bank program, the Bank again pursued the support of CONTAG. Since the mid-1990s CONTAG had supported the idea of a complementary land program aimed at sharecroppers, renters and smallholders with insufficient land since the mid-1990s. Key to their demands was that such a program encompass only lands not subject to expropriation and that the mortgages be on highly subsidized terms to ensure the viability of program.

The result was a new US\$400 million program entitled the Land Credit and Poverty Reduction Program (CFCP, Crédito Fundiário de Combate à Pobreza), which would only encompass lands not potentially subject to expropriation and farms less than 15 fiscal modules in size. The new program targeted the rural poor in 14 states (including all those of the Northeast, the three southern states and Minas Gerais and Espírito Santo). The terms of the loans also included subsidized interest rates and incentives for prompt

repayment.³ The program was to be administered by the state and municipal-level Sustainable Rural Development Councils in which CONTAG participates and aimed to benefit 50,000 families between 2002 and 2004.

The support of CONTAG, an active participant in the Forum, was crucial to the legitimization of the World Bank project. It also resulted in growing tensions between CONTAG and the MST in terms of who had the right to speak on behalf of rural workers and in this context the Forum became increasingly fractionalized.

Outcomes of the Agrarian Reform

As Table 1 shows, during the Cardoso regime the number of beneficiaries of redistributive agrarian reform more than doubled as compared with the previous thirty years.⁴ The area expropriated since 1964 amounts to approximately 20 million hectares, approximately 6 percent of the farmland reported in the 1995-96 agricultural census (MDA/INCRA 2001). The bulk of this land is located in the North and constitutes land whose tenure was regularized rather than subject to expropriation.

The beneficiary numbers have been hotly disputed (Spavorek 2003). Moreover, the creation of agrarian reform settlements over the course of the last twenty years has not produced a major change in land tenancy or in the concentration of land. In their study of six agrarian reform zones in nine states, Leite et al (2004: 67) found that only in one, Pará, did the area in *assentamentos* constitute a significant share of total lands, 25 percent. In the other states, the land settlements represented 5 percent or less of the total farm area. At best, there has been some change in the structure of landholdings at the local level.

Turning to the beneficiaries of the process, they come from a diverse set of origins: squatters whose right to land was challenged by owners or presumed owners; the children of destitute family farmers who, unable to obtain land through traditional means, opted for joining the occupations and land encampments to reproduce themselves as family farmers; and sharecroppers seeking their own piece of land. In addition, there were farmers displaced by the dams or whose livelihoods were being threatened by deforestation, rural and urban wage workers living in the urban peripheries, in addition to retired workers seeking a place to live and access to land to complement their meager incomes.

Those demanding land were also organized by a diverse group of actors who often were in competition for their loyalties. As already noted, depending on the region and time period, they could be mobilized by the MST or other organizations demanding

³ This program allows for individual land mortgages, but individuals are not eligible for the grant component of the program. For groups, as in the Cédula da Terra program, there is a flexible grant/loan financing mechanism, with the funds not used to purchase land constituting a grant for infrastructure and other costs. It is this latter portion that is funded through the US\$200 million World Bank loan. The state's US\$200 million share of the program finances the 20-year mortgages of the beneficiaries at an interest rate of six percent.

⁴ In addition to the 580,000 families that gained land through redistributionary agrarian reform, 51,608 gained land through the Land Bank and 3,694 through the Land Credit and Poverty Reduction Program (MDA/INCRA 2002).

land rights; by the rural unions; by the different groups organizing those affected by the hydroelectric projects; by the CPT etc. Others were mobilized by local political actors, such as mayors or councilmen, who when confronted with the possibility of the creation of *assentamentos* in their municipalities, jumped into the fray to create political alliances. There are even situations of mayors who, having observed successful *assentamentos* in neighboring municipalities, organized land occupations in their own in order to encourage the formation of such land settlements for municipal development purposes. Case studies also reveal situations where, given the dynamism of the occupation process, groups of workers organized themselves, without any links to outside movements, and managed to remain autonomous from any organized group (Medeiros 2002).

Studies of the *assentamentos* suggest that the great majority were constituted as a result of a land conflict. As Leite et al (2004) show, the expropriations ended up being concentrated in certain areas, where the occupations had been most densely concentrated. This partly reflects the manner in which the occupations fed on their own success - successful occupations in one area providing a powerful example to others in the region desiring land. Those areas where large numbers of *assentamentos* are concentrated represent what could be called agrarian reform zones.

The absence of planning with respect to the creation of these settlements led to a lack of provision of the necessary infrastructure, even in the areas of greatest *assentamento* concentration. A common characteristic of many of these is their difficulty of access due to the precarious road network in the interior of country, making it difficult for them to access markets. Numerous studies also reveal the precarious state of their access to health and education services (Neto and Bamat 1998; Bruno and Medeiros 2001; Spavorek 2003; Medeiros and Leite 2004; Leite et al 2004). Notwithstanding these unfavorable conditions there have been significant, positive changes.

Impact on Growth, Incomes and the Standard of Living

The presence of *assentamentos* has generated positive changes at the local, municipal level. Due to the concentration of land settlements in certain municipalities, in some of these an important share of the rural population consists of agrarian reform beneficiaries, with political repercussions, since their demands for social and physical infrastructure cannot be easily ignored.

The *assentamentos* represent a change in the use of space, transforming areas that once consisted of extensive pastures or of decaying monoculture production. In general, in the areas where *assentamentos* have been created through expropriation, the former farms were unproductive, being either abandoned or at best characterized by a lack of productive dynamism. The constitution of *assentamentos* has usually brought about a diversification of agricultural production and the introduction of new activities. The expansion of the labor market and the increased demand for consumption items has dynamized local commerce, and even the banking sector, in turn contributing to the generation of greater fiscal revenue for the municipalities.

The agrarian reform beneficiaries, besides a plot upon which to grow part of their subsistence requirements, also get access to a range of other benefits to which they had

previously been excluded: funds to build a house, to purchase foodstuffs until the harvests come in, and for working capital.⁵ While access to these benefits among the settlements has been uneven, when available, these resources stimulate a number of other local activities (the sale of inputs and agricultural implements, construction materials, small appliances etc.) and hence economic activity. In addition, the agrarian reform beneficiaries establish a dialogue with the different agencies of the state and financial agents or other intermediaries, notably the Bank of Brazil, whose personnel begin to frequent long-neglected areas, in turn stimulating the demand for local services.

With respect to the organization of production, the great majority of *assentamentos* are characterized by individual, family-based production. The 1996 agrarian reform census of 1,425 settlements found that 87 percent of the beneficiaries engaged only in individual production, 5 percent in collective production, and 8 percent in a mixture of the two (INCRA/CRUB/UnB 1998: Table 1.11). The majority of production cooperatives are in the South, having been the preferred form of organization of production of the MST in its initial years. Even though many of these production cooperatives have been quite successful, the idea of collective production has not generally been well received in this or other regions of the country. While the MST leadership continues to favor production cooperatives, it has not insisted upon them, and instead, has promoted other forms of cooperatives, such as for marketing.

In terms of productivity on the *assentamentos*, the results vary significantly by region and crop. Notwithstanding, most studies suggest that the results have generally been satisfactory (Leite et al, 2004: 160-161). In terms of income generation, the standard rural poverty line in Brazil consists of two minimum wages per family (R\$/302 or US\$100 in 2000).⁶ The most rigorous study of income levels on the settlements was carried out by researchers at the National Rural University in Rio de Janeiro on 92 settlements constituted between 1985 and 1997 in six agrarian reform zones (Leite et al 2004). This survey of 1,568 households found that the mean gross monthly income was R\$/312, just slightly above the poverty line. There was tremendous variation by state, with the range being an average R\$/117 in Ceará in the Northeast to R\$/439 in Santa Catarina in the South.

Perhaps more telling is the data on the distribution of incomes. Only one-third of the beneficiaries were above the poverty line, although this is in many ways quite an accomplishment, given the slowness of the state in providing the settlements with the promised assistance. While at the time of the survey, 75 percent of the beneficiaries had received the promised subsistence subsidy, 81 percent the production subsidy, and 73 percent the housing subsidy, on average such assistance was not received until four to five years after the beneficiaries were settled on the land (Ibid.: Table A3.15).

⁵ The PROCERA program provided subsidized credit to the *assentamentos* for the purchase of inputs and implements. While coverage of the *assentamentos* was quite spotty, it was due to the persistent demands of the settlers that the government slowly increased the total amount of resources made available through this program. The downside of this program is that even subsidized credit proved too expensive for many of the precarious *assentamentos*, and in other cases there was over-borrowing with respect to repayment possibilities, leading to growing levels of indebtedness.

⁶ In 2000 the rural poor in Brazil made up 47.5 percent of the total poor (Banco Mundial 2001).

That two-thirds of the agrarian reform beneficiaries are still poor by conventional measures could lead to the conclusion that not much has been accomplished through the distribution of land. Yet, given the precarious and low standard of living in rural Brazil, all studies have found that beneficiaries consider themselves to be much better off in the *assentamentos* than in their previous situations. Leite et al (2004: Table A7.5) found that almost two-thirds of the beneficiaries considered that they had increased their household incomes on the *assentamentos* in comparison with what they previously had earned. This betterment in the situation of the beneficiaries is also evident in terms of other indicators of the standard of living, such as the quality of housing, access to electricity and potable water, ownership of small appliances etc. Hence, the argument of the social movements that the best way to tackle hunger and poverty in Brazil is by redistributing land.

Another potential indicator of the relative success of the agrarian reform is in terms of desertion rates on the *assentamentos*. Although these are often reported as being extremely high in the press, there have been few in-depth studies of the process, although most studies report some evidence of families or family members leaving the *assentamentos*, largely young people who leave in search of educational or employment opportunities or other life styles (Leite et al 2004). Bruno and Medeiros's (2001) study of this process found that among the most frequently cited reasons for abandoning the settlements was their lack of promised infrastructure, the difficulties of transport, lack of access to schooling or health services and the lack of support for agricultural production. Another problem was indebtedness related to the lack of appropriate infrastructure and production support, sometimes combined with the difficulty of adapting to a new logic based on the use of credit. Another factor has been landlord pressure and threats, particularly in areas where not all the land has been regularized. Finally, others have felt abandoned by the state or the social movements once the initial euphoria of gaining access to land was over and the initially high expectations of life on the settlement not met. These factors are, of course, all inter-related.

Bruno and Medeiros (2001) note that abandonment of the settlements tends to be greatest in the initial years, with the population then stabilizing. They also caution that abandonment does not necessarily imply that an *assentamento* has failed. While the rate of abandonment is higher on the more precarious settlements, such also takes place on successful ones, as families move on in search of better opportunities once their situation on the *assentamento* has stabilized them economically.

Turning to the political dimension of the process, various studies have shown that the experience of organizing around the struggle for land has produced new leaders who, once this objective was achieved, have moved on to struggle for social and political rights (Medeiros and Leite 2004; Leite et al 2004). Moreover, just the act of expropriation begins to change relations of power, since landowners - who may or may not be members of the local elite - must negotiate with the state. The constitution of new *assentamentos* in many cases becomes a political event as negotiations take place between the state, the social movements and local governments over who is to become an agrarian reform beneficiary. All of this destabilizes traditional clientele relationships which are challenged or renegotiated, although at times they are also reproduced.

Agrarian reform beneficiaries are increasingly standing for local elections as councilmen/women and even mayors. Their participation is evident in civil society,

whether in the rural unions, local cooperatives, or councils of various types. To act in these spaces is to have a voice to speak for and as agrarian reform beneficiaries and to gain social legitimacy. In the process, the beneficiaries also contribute to the formation of public opinion. In elected roles they sometimes challenge local elites and change the terms of local politics - as being in favor or against the agrarian reform and the beneficiaries. This process is particularly evident in the regions where the MST is strong due to its recognized ability to train new leaders and prepare them for political and economic debate.

State-led versus Market-led Reform

As yet no rigorous studies have been carried out comparing redistributive and market-led agrarian reform in even one region of Brazil. Moreover, the latter has yet to be rigorously evaluated. A small household survey of 232 beneficiary families of the Cédula da Terra Program was commissioned by NEAD/MDA and the World Bank shortly after this program was initiated, and this study was often cited by the Cardoso government to argue that the program was a success.⁷ A second study, this one at the behest of the organizations comprising the National Forum for Agrarian Reform, was carried out in 2001 (Dias and Sauer 2002, referred to below as the “Forum study”). Among the main results of the Forum study was that the majority of the farms purchased under the project were medium-size farms; in all states, however, some farms had been purchased which were abandoned and above the minimum farm size to be exempt from expropriation. Moreover, the lands purchased under the program had not been cheap; rather, beneficiaries were paying dearly for poor quality land. This study highlighted how land prices were often determined politically, such as when landlords or their friends controlled the associations of beneficiaries and in fact determined the price of land. The study also showed that these associations often have very little autonomy in the process of either land selection or negotiating its price, nor in its final use. Rather, in many cases, traditional patterns of paternalism were being reproduced, a point also emphasized in the Buainain et al (1999) evaluation. This latter study had found that half of the associations created in the first stage of the project had been created solely for the purpose of purchasing land and that few of the beneficiaries were aware of the conditions under which they were purchasing land, such as interest rates or that the loan constituted a mortgage (in Pereira 2004).

In his analysis of these studies, Pereira (2004: 172) emphasizes the extreme poverty of the beneficiaries and how they were attracted to the program by the possibility of acquiring land in a period when the social movements were being persecuted and traditional means of becoming an agrarian reform beneficiary seemed remote. Another damning conclusion was that a decentralized agrarian reform is no more efficient than one that is centralized. Government agencies at the local and state level were not delivering on their promises regarding the timely provision of infrastructure or credits. Moreover, access to technical assistance and extension was quite precarious.

⁷ The official evaluations of the Cédula da Terra Program were carried out by a team at the State University of Campinas, led by economist Antonio Márcio Buainain. The results are summarized in Buainain, da Silveira and Teófilo (2000), a very laudatory report.

The Forum study found a fairly high rate of desertion from these projects, in some as high as fifty percent. The high drop out rate places an even greater burden on those who remain, since they must assume the land debt for the whole property (which is a collective responsibility). The main reason for the high drop out rate in most cases was the lack of minimum conditions for production, related to the poor quality of lands that were purchased and the lack of productive infrastructure, combined with insufficient state support. The 2003 study by Buainain et al. (cited in Pereira 2004) also pointed to the high rate of desertion on the projects, particularly of those where the associations had been artificially created.

The Forum study concluded that few beneficiaries had improved their standard of living. Moreover, few were engaging in commercial production and thus there was little possibility that would be able to repay their debt for land and housing. Ironically, in a few cases the local bureaucrats monitoring the process forced the associations to engage in collective production of commercial crops in order to generate income to repay these debts.

The 2003 study by Buainain et al. included a household income survey of 313 beneficiaries on projects created between 1997 and 1999. According to this report: “The families that entered the program today generate an income from agricultural production higher than they did before the project, but that not always is sufficient for their subsistence...” (Buainain et al, 2003: 172, in Pereira 2004: 189). This study found that the infrastructure grants had often not been used well, with social infrastructure receiving priority over productive infrastructure, and moreover, that access to technical assistance and production credit continued to be deficient. Notwithstanding these troubling reports, the final 2003 World Bank on the Cédula da Terra project was quite upbeat about the possibilities of beneficiaries repaying their loans (in Pereira 2004: 192).

Agrarian Reform under the Lula Government

In his four bids for the presidency as the candidate of the Worker’s Party (PT), Lula’s campaign platform always included the need for a large-scale and relatively quick agrarian reform. In his 2002 campaign Lula promised that among his priorities would be an “ample” agrarian reform as the lynchpin of a new model of rural development (Coligação 2002: 13). Lula also projected a vision of how the family farming and agro-export sectors might be being complementary, foreseeing the alliances that would eventually constitute his government.

With his inauguration in January 2003, the rural social movements expected agrarian reform to be among his first initiatives. Instead, during his first six months in office Lula gave priority to launching a campaign to end hunger. The rural social movements initially welcomed this initiative, seeing the potential, if it was linked to the deepening of the agrarian reform, for creating a market for *assentamento* production. But they viewed with alarm the fact that INCRA’s budget for land acquisition was reduced during 2003 as compared with the last year of the Cardoso administration, and that in the first semester of that year only 9,500 families were settled on *assentamentos* (Zibechi 2003). Moreover, the technical commission charged with drafting a new National Agrarian Reform Plan (PNRA), promised in Lula’s campaign platform, was not

appointed until July. The technical commission concluded its work in October and the Lula government accepted most, but not all, of the commission's recommendations, adopting the PNRA-II in November 2003.

The main goal of the PNRA-II is to carry out a sustainable agrarian reform of "quality". Thus while the targeted number of new beneficiaries is relatively modest (400,000 families in four years) compared to the expectations of the rural social movements, the aim is to provide them - as well as previous land reform beneficiaries - with the conditions to assure their sustainable development. Hence the Plan places great emphasis on the need for an integral agrarian reform, one that besides land provides the agrarian reform settlements with the needed social and physical infrastructure and access to credit, technical assistance, marketing channels etc., to assure that the beneficiaries be able to earn adequate levels of income. The principle means of acquiring land for new settlements is to be expropriation with compensation (MDA 2003).

Compared with the Cardoso period, the PNRA-II de-emphasizes market-based mechanisms of land acquisition. The Land Bank program had been previously abolished by the Lula government, but in the PNRA-II three different land financing programs are continued or initiated: the World Bank-funded Land Credit and Poverty Reduction program (the CFCP); a new World Bank-financed program aimed at enabling rural youth to purchase farms; and a credit line to enable smallholders to expand their holdings and consolidate family farms. The target is for 130,000 families to acquire land through these three modalities over four years. In the PNRA-II these programs are seen as complementary to land reform via expropriation since the state will only finance land purchases of farms under the size limit (15 family modules) potentially subject to expropriation.

The PNRA-II also includes a major land titling program, aiming to give secure titles to 500,000 squatters (*posseiros*) on public lands over four years. In support of this activity, the plan embraces one of the unmet goals of the Cardoso government, to finally develop a comprehensive national land cadastre and registry. A modernized cadastral system is seen as crucial to effectively target lands for expropriation, to prevent further, illegal usurpation of public lands, and to create an effective system of land taxation.

What is novel in the PNRA-II is its emphasis on diversity and social inclusion. Thus among its aims is to promote gender equality in the agrarian reform process, primarily by making the joint adjudication and titling of lands to couples obligatory irrespective of marital status, and increasing rural women's access to credit. The PNRA-II also reflects the Lula government's commitment to inclusion of under-represented racial and ethnic minorities: it aims to renew efforts to identify and title the historic landholdings of Quilombo communities (formed of run-away slaves in the nineteenth and earlier centuries); promises to continue the process of demarcation of indigenous territories and to give priority to resettling non-indigenous squatters; and gives special attention to the populations that have been displaced by dams and other large infrastructure projects, to the precarious situation of the Amazonian river population, and to furthering the policy of Extractive Reserves for sustainable forestry development in the Amazon.

Another innovation of the PNRA-II is its emphasis on territorial development. Critical of the Cardoso policy of unplanned development, the Lula government intends to resurrect state planning with respect to settlement development. The idea is for the state to take the initiative in identifying areas that are conducive to agricultural development and where large numbers of settlements are already concentrated, directing state resources to the development of new *assentamentos*. As of 2004 eighty-five such zones had been identified, and these settlements were to be the first targeted for consolidation.

Finally, another important aspect of the Lula government's intended approach to agrarian reform is its over-arching concern with creating viable, sustainable agrarian reform settlements that will generate employment, reduce poverty and raise incomes. This theme is not new as evidenced in the policy documents of the Cardoso government. Where it differs is in the Lula government's unprecedented attention to environmental matters as well as a concern with agricultural price and marketing policy as evidenced in the intended symbiosis between the program to end hunger and the consolidation of the agrarian reform. The challenge for the Lula government, as with its predecessor, is with implementation.

The PNRA-II and the Demands of the Rural Social Movements

The main critique of the rural social movements and the National Forum for Agrarian Reform and Social Justice in the Countryside which encompasses them and other supporters of redistributive agrarian reform, is that the Lula government's agrarian reform will not transform the agrarian structure.⁸ In their analysis, Lula could have chosen to change the model of development from one centered on agro-exports and favoring agribusiness, to one focused on the internal market and favoring family-based agriculture. Instead, given the important role played by agro-exports (particularly, soya) in generating a positive trade balance, and Lula's commitment to meeting Brazil's external debt obligations, his government has chosen to continue Cardoso's macroeconomic policies and privileged treatment of the export sector while pursuing social policies of inclusion. Thus critics from the left consider Lula's approach to agrarian reform to not differ significantly from that of his predecessor, labeling it compensatory social policy.

The rural social movements and progressive critics are, of course, aware of the constraints under which the Lula government is operating. First, it is a coalition government. While Lula was elected with a substantial majority (61.3 percent of the vote), his coalition does not control the congress. In order to govern, Lula had to enter into a broad-based alliance which means that among his allies in government are precisely those who have historically been vehemently opposed to agrarian reform. This alliance was reflected in the appointments to Lula's cabinet, with the crucial economic positions filled by members of conservative parties, determined to maintain the status quo with respect to fiscal matters.

⁸ Authors' interviews. Also, for the critiques from the Left, see Carvalho Filho (2004) and Canuto and Balduino (2004).

Important to our analysis, the Lula government maintained the separation and division of labor between the Ministry of Agriculture and the Ministry of Agrarian Development instituted under the previous government whereby the former focuses on commercial agriculture (particularly, agro-exports) and the latter on family farming and agrarian reform. A well known defender of agri-business, Roberto Rodrigues (a former president of the Brazilian Rural Society and former vice-president of the CNA) was appointed Minister of Agriculture. Miguel Rosetto, a representative of a minority tendency within the PT, was appointed Minister of Agrarian Development while the presidency of INCRA went to a long-standing advocate of redistributive agrarian reform, Marcelo Resende, who had close ties to the progressive wing of the Catholic church.

Lula's election and just the prospect of a serious agrarian reform effort provoked the ire of large landowners who immediately began to organize to combat land occupations (CPT 2003). In addition, the mainstream press became even more anti-agrarian reform than usual. A new factor in the political equation is that agro-exporters, who at various times in the past have distanced themselves from the traditional landed oligarchy, in the current conjuncture seem to have come to its defense. According to the MST's João Pedro Stedile, "the agro-export sector has become main defender of traditional elites because the economic frontier for agro-export production is now the unproductive *latifundio*. With land prices rising in interior, agribusiness is now competing with the rural social movements for potential land".⁹

A second major constraint recognized by the social movements is the limited capacity of the state to carry out a massive agrarian reform.¹⁰ Under Cardoso, INCRA was reduced in size from a peak of 12,000 employees in the 1970s to 4,800 currently. Moreover, INCRA personnel were badly demoralized by low pay and the lack of a career track.¹¹ Other state programs crucial to the reform effort were either eliminated (such as Lumiar, the state-funded technical assistance program whereby private contractors provided technical assistance to the settlements), or largely privatized (such as CONAB, the state marketing agency). Thus the capacity of the state to both consolidate the existing *assentamentos* and to considerably expand their numbers is questionable.

The scope of the agrarian reform was one of the major points of contention between the Lula government and the rural social movements. In the Plínio proposal it was estimated that the potential demand for land was on the order of 3.3 to 6.1 million families (Equipe Técnica 2003). The effective demand for land was estimated as comprising two million families taking into account that 839,715 families applied for land when the Cardoso government provided them with the opportunity to register as potential beneficiaries through the post office. In addition, in March 2003 there were 171,288 families in encampments, a figure that rose to approximately 200,000 in the first half of 2004.

The technical team drafting the PNRA-II proposed that in the budgetary planning period 2003-2007 the government aim to settle one million families. In the PNRA-II, the government adopted a more modest target for 2003-2006, of 400,000 beneficiary

⁹ Interview with João Pedro Stedile, MST, São Paulo, September 28, 2004.

¹⁰ See Stedile (2004) and Sampaio (2004) on this point.

¹¹ Interview with José Vaz Parente, President of the INCRA Workers' Union, July 21, 2004.

families.¹² An additional 150,000 would be settled in 2007, bringing the total for the budgetary planning period running through that year to 550,000 (MDA 2003: 14), a far cry from the one million demanded by the social movements. The PNRA-II does provide for the families living in the encampments to be among the first settled, thus meeting one of the demands of the rural social movements.

One of the arguments stressed by Lula's government is that they plan to carry out an integral agrarian reform, one of quality, and that assuring that beneficiaries earn an adequate standard of living is more important than generating a large number of beneficiaries. Critics argue that there is no contradiction between a massive agrarian reform and one of quality for to carry out an agrarian reform of quality, it must in fact be massive, since that is the only way to change the correlation of forces so that public services reach the poor.

There is also the question of whether there is sufficient land of good quality available for a more massive agrarian reform. In the PNRA-II proposal it was estimated that approximately 35 million hectares of land would have to be expropriated to settle one million families, assuming an average of 35 hectares per family (Equipe Técnica 2003: Table 5.4.2). According to the estimates in that report, 120 million hectares of unproductive land are held by large estates and could be expropriated based on the economic criteria delineated in the Federal Constitution alone. Some 4.3 million hectares of public land could also be made available for redistribution in addition to 111 million hectares of unclaimed land (*terras devolutas*)—net of that portion presently occupied by squatters with holdings under 100 hectares. Thus the total stock of land potentially available for agrarian reform purposes is on the order of 235 million hectares, more than sufficient to meet the demand for land. The problem is that the location of the demand for and supply of land are not always the same, nor is this land always potentially good agricultural land or located in the targeted agrarian reform zones.

In the proposal a series of measures were recommended to increase the potential stock of land for agrarian reform purposes, most of which were endorsed in the PNRA-II. The standard of what constitutes unproductive land is based both on the degree of capacity utilization (80 percent of a holding) and minimum average yields. The latter criteria were determined in the 1970s and the government proposed to revise these upwards by administrative action. The MDA finally presented its proposal in early 2005, but it required endorsement by the Ministry of Agriculture which is still studying the matter.

Two measures that would allow land to be expropriated without compensation have been controversial, one focusing on land worked by slave labor and another regarding land where drug crops are discovered. The latter bill was passed, but only after it was watered down so that farms found growing illegal drug crops would not be confiscated, but rather, only the specific land parcels on an estate planted with such crops. The bill authorizing confiscation of land worked by slave labor has languished in the congress.

¹² This target was considered ambitious enough since it would involve settling an average 100,000 families per year, a higher rate than the number of families settled annually (65,547) during the eight years of the Cardoso government.

The Plínio proposal also gave attention to how the cost of acquiring land through expropriation could be lowered by changing the financing structure of the agrarian reform bonds (the TDAs, *Títulos da Dívida Agrária*). Since 1991 the TDAs have been indexed to the prime rate of the financial market plus a six percent margin, rather than prices in local land markets. This is very favorable to landowners and, of course, has made the agrarian reform more expensive. The proposal to reform the financing structure was incorporated into the PNRA-II, but has not been presented to the congress since it would be opposed by those not interested in discussing the terms of indemnization at all.

One of the major differences between the Plínio proposal and the PNRA-II regards the role of market-led land redistribution. Reflecting the position of the MST, which led the struggle against the World Bank model, market-led mechanisms of land redistribution are not mentioned in the Plínio proposal. But CONTAG, who negotiated its own market-led program during the previous administration, was not represented in the technical commission that drafted the proposal. Largely reflecting its demands, while the Land Bank program was eliminated, the CFCP was retained. The MST maintains its position that the market-assisted program serves primarily to reward landlords for their historic concentration of land.

Accomplishments of Lula's First Two Years in Office

As noted earlier, not much happened with respect to land redistribution efforts during the Lula government's first year in office. Only 37,000 families were settled on *assentamentos* in 2003, many of them families who had begun the process of acquiring land during the previous administration. The slowness was due to a number of factors, among them budgetary concerns. The Lula government was committed to generating a budget surplus to meet (and even surpass) IMF targets and thus funds for land acquisition were slashed in 2003 along with funding for a number of other social programs, with priority given to expenditures on the anti-hunger campaign. Equally important were disagreements within Lula's own team over the pace and content of the agrarian reform.

In response to pressure from the rural social movements, in July of that year, besides the national agrarian reform plan, President Lula promised to step up land redistribution measures and that the budget for land acquisition in 2004 would be the largest in the history of the agrarian reform. Lula made good on his promises, with the initial 2004 MDA budget increasing substantially from the previous year, to R\$1.4 billion. But to make sure that the pace of agrarian reform actions did, indeed, pick up, the MST increased its land occupations in April, with 109 taking place that month, bringing the total to a near record 165 occupations for the first trimester of the year.¹³ By mid-2004, lack of financing was not the major constraint. Rather, the capacity of the state to execute the agrarian reform seemed a more formidable barrier. This is evident in that through the end of 2004, the Lula government had only settled 117,555 families, 81 percent of the targeted number (MDA/INCRA 2005a).

Turning to the process of support for the beneficiaries, in 2003 192,430 families received their installation grants, with many of these being families settled during the

¹³ The record was set in 1999, when 265 land occupations were reported (MDA 2004a).

Cardoso period who never received any of the initial financing due them at all (MDA 2004). In 2004, the value invested per family more than doubled, but the number of families receiving installation credits was smaller, 43,905, leading the social movements to increase their pressure on the government (MDA/INCRA 2005b).

The Land Credit program got off to a slow start primarily because in response to the criticisms of the previous program, the Lula government decided to review the terms of financing and what could be financed under the various credit lines, in addition to extending the program in several innovative directions. The legislation orienting the program, approved in March 2004, lowered the cost of the credit for land purchases from between 30 to 50 percent, depending on the region and the income level of the beneficiaries. The grant portion of the financing (for the CFCP as well as the youth program) may now include six month's worth of subsistence expenses for the beneficiary family, technical assistance, and investments in productive infrastructure including environmentally-oriented investments. As an incentive to make sure these groups negotiate the lowest possible purchase price, the amount of grant funding is determined by the gap between state-oriented land prices for the region and the negotiated sales price.

Also, the Land Credit program is a decentralized program, overseen by the local and state-level Sustainable Rural Development Councils. While the Secretariat for Agrarian Reordering of the MDA monitors the program, it can do little about the pace of implementation which ultimately depends on the ability of the rural social movements and local NGOs to organize groups of workers to initiate the search for suitable land to purchase.

Enthusiasm for the land credit program and its various components varies by state. For example, interest in the youth program and the consolidation of family farming program is greatest in the South, and it is in this region where these programs were targeted to begin. Also, the land credit program has considerable support from the farmer's union FETRAF-SUL (Federação da Agricultura Familiar Sul) in this region, a union with a similar social origin to the MST. As of December 2004 18,000 families had been benefited through the CFCP program, with another 22,000 inscribed and awaiting processing (Vinot 2005).

Turning now to the programs that potentially benefit all groups of family farmers - settlers on the *assentamentos*, beneficiaries of the Land Credit programs, and traditional family farmers - PRONAF financing for production and investment costs has increased considerably under the Lula government.¹⁴ Under the Plano Safra for family-based agriculture, financing increased from R\$/2.3 billion in 2002-03 to R\$/6.2 billion in 2004-2005, with R\$/ 9 billion planned for 2005-06 (MDA 2005).

The government also resumed state-financed technical assistance to the *assentamentos*, funding that concluded in 2000 when the Cardoso government ended the Lumiar program of decentralized technical assistance. Discussions between the rural social movements and ministry officials on the form and content of technical assistance resulted in consensus that it had to move away from the top down approach of the past to

¹⁴ On the different credit lines made available through PRONAF, which have been expanded under the Lula government, see PRONAF (2003).

include the active participation of the beneficiaries as well as respect for traditional practices that are often times more ecologically benevolent. As of late 2004, 423, 000 families had received technical assistance (MDA/INCRA 2005c).

Finally, another initiative of the Lula government which should assist in the consolidation of the *assentamentos* and that is supportive to family farming is the national electrification program. Currently an estimated 12 million Brazilians lack access to electricity, 10 million of whom reside in rural areas, concentrated primarily in the North and Northeast. As of 2004 approximately 17,000 families on 220 *assentamentos* had been benefited by this program which includes free home connections and service (MDA/INCRA 2005d).

In sum, the agrarian reform of the Lula government has been a disappointment to the rural social movements. The lack of resources, the frailty of INCRA, the formidable legal obstacles to expropriations, have produced a meager process of agrarian reform, particularly when compared with the expectations generated during the electoral campaign. While the rural social movements are not happy with the pace or scope of the agrarian reform, they also recognize that much has changed with a PT government- a government they helped to elect - and thus far have refrained from pushing their critique of the reform too far.¹⁵

Among the main changes is that the actions of the social movements are no longer “criminalized” as under the Cardoso government.¹⁶ Rather, there is an implicit understanding that the social movements will keep up their pressure to ensure that the agrarian reform be implemented, but that their actions will be take place within the confines of the law. Another important change is that the rural social movements and the segment of civil society championing agrarian reform are recognized by the Lula government as important actors and even partners in defining state policies with respect to the reform. There is an on-going dialogue between the state and the social movements on such issues as credit, technical assistance, and the content of adult education.¹⁷ Nonetheless, a number of important issues still remain to be resolved.

Pending Issues

Gender and Land Rights - In the mid-1990s women comprised only 12.6 percent of agrarian reform beneficiaries (INCRA/CRUB/UnB 1998). While women were often active in the land take-overs and played an important role in the encampments, once the settlements were constituted women tended to retreat into traditional gender roles with low rates of participation in the *assentamento* organizations (Neto and Bamat 1998).

¹⁵ As put to us by one MST leader, the dilemma is “how to be against the model without being against the government.” Interview with Gerardo Flores, MST National Office, São Paulo, July 27, 2004.

¹⁶ The various repressive decrees of the Cardoso government have not been lifted. For example, land that is occupied will still not be subject to INCRA inspection (*vistoria*) until two years have passed and those that take part in a land or building occupation continue to be ineligible as potential beneficiaries. The MST has been careful to make sure that occupations take place on public lands, outside the boundaries of private property, as they began to do in the latter years of the Cardoso government.

¹⁷ Interviews with Gilberto Portes, National Forum for Agrarian Reform, Brasilia, July 20, 2004, and Manoel dos Santos, President of CONTAG, Brasilia, July 20, 2004.

This lack of participation was increasingly linked to women's lack of direct land rights, particularly the failure of the reform to grant joint titles to couples (Deere 2003).

In his campaign platform, Lula pledged to end the discrimination against women in the agrarian reform program through the use of affirmative action (Coligação 2002). Even before the PNRA-II was adopted, in October 2003, an INCRA norm made the joint adjudication and titling of land to couples mandatory, irrespective of their marital status.¹⁸ Moreover, the norm also established that in the case of separation or divorce, wives and female partners who maintained custody of the children be given priority in terms of retaining their land rights. In such cases their husbands or male partners will be given priority as potential beneficiaries in another *assentamento*. These innovative principles were reaffirmed in the PNRA-II (MDA 2003).

The Cardoso government had also endorsed the mandatory joint adjudication and titling of land to couples and a resolution of the National Council for Sustainable Rural Development had established the principle of non-discrimination in order to encourage the incorporation of women as beneficiaries of the reform. While the 2001 norm was less explicit than that adopted in 2003 by the Lula government, under Cardoso the newly created Affirmative Action Office of the MDA had begun revising the various beneficiary application forms to ensure that when a couple applied for and received land it was in the name of both adults in the family. All the forms were revised in that period except for the most crucial one - entering the beneficiary in the *assentamento* cadastre (the *Relação de Beneficiários*) - and thus joint titling remained illusive (Deere 2003).

The Lula government's Office for the Promotion of Gender, Race and Ethnic Equality in the MDA faces a similar problem: resistance within INCRA to changing the current practice of entering only one name in the information system of agrarian reform beneficiaries. Thus, it remains impossible to ascertain if couples are indeed the joint beneficiaries; moreover, the system still does not even generate data on the sex of the beneficiaries.

Another challenge in ending the discrimination against women in the agrarian reform is that the Lula government has yet to give attention to the situation of female household heads. They have been considerably under-represented among the agrarian reform beneficiaries thus far (Deere 2002) and it will likely take strong affirmative action measures - such as giving them priority over other applicants - to significantly increase their numbers.¹⁹ The incorporation of female household heads as beneficiaries is currently one of the demands of CONTAG (CONTAG 2004).

The Lula government has taken steps to address one of the long-standing demands of the rural women's movement - rural women's lack of official documentation - which constitutes a precondition for greater numbers of women to be incorporated into the

¹⁸ Portaria INCRA No. 981 of October 3, 2003 in Portal NEAD de Estudos Agrários, "Notícias Agrárias", No. 205, October 6-12, 2003, www.nead.org.br.

¹⁹ Moreover, the new guidelines for the selection of agrarian reform beneficiaries leave in place two criteria that in other countries have tended to discriminate against female household heads since these households are usually missing an adult male (Deere and León 2001): the granting of more points to candidates with large families and those with the largest number of working members.. See INCRA, "Norma de Execução No. 38, de 30 marco de 2004" in *Diário Oficial da União*, No. 85, May 5, 2004: 53.

reform as direct beneficiaries since personal and/or work documents are necessary whether to receive land or credit. Finally, the Lula government seeks to increase rural women's access to credit. Thus far a new credit line has been set up for them through PRONAF which can be used for agricultural or non-agricultural activities related to food processing.

Land Titling and the Cadastre -Two major components of the PNRA-II involve a land titling program to benefit squatters and the development of a national land cadastre and registration system.²⁰ Inter-American Development Bank financing is being sought for the national land cadastre and registration system (a US\$260 million project), to be initiated as a three-year pilot program in five states (MDA/INCRA 2004). It will be coordinated by the MDA's Secretariat of Agrarian Reordering in cooperation with INCRA and the state governments.²¹ These programs were just getting underway in mid-2004 (NEAD 2004).

Both programs are supported by the rural social movements since they are seen as important to potentially reducing the degree of rural violence (often associated with the dispossession of squatters) and, in the case of the cadastre, in establishing the basis for a more ample agrarian reform.²² In contrast to other Latin American countries, the cadastre may not be in the interest of the landholding class, given the large extensions of land in Brazil that have been usurped illegally over the centuries and continue to be so with the rapid expansion of soya production on the agrarian frontier.

There is general agreement that both programs will be difficult to implement, given the lack of trained cadre within the state. This makes it likely that the programs will be decentralized and potentially carried out by private contractors. This possibility is of concern to PT officials, since they worry about the power of the landlord class at the local level and its ability to manipulate the local judges and land registries to serve its interests.²³

The Cost of Land - One of the achievements of the Cardoso regime was the return of relative price stability as the Plan Real of 1995 reduced double-digit inflation. This had the expected impact on land prices, reducing them by 60 percent in some regions, as it became less attractive to hold unproductive land as a hedge against inflation (Reydon and Plata 2002). Even though the Lula government has continued Cardoso's macroeconomic policies, there are indications that the price of land is rising again in many regions, partly

²⁰ See Teófilo, et. al. (2002) on the efforts under the Cardoso government and the problems in consolidating the various state registries into a national land registration system and developing a modern cadastre. The Cardoso government did make progress in identifying illegally held as well as abandoned lands. In 1999 INCRA issued Portaria 558 which required large properties to re-register their properties in the INCRA land registry. Some 3,065 large properties were notified of this requirement and 1,899 did not respond; as a result 62.7 million hectares reverted to the state. Law No. 10.267 of 2001 created the new, unified National Land Registry system, to be based on a modern cadastre (MDA/INCRA 2004).

²¹ Interview with João Leonel dos Anjos, Secretariat of Agrarian Reorganization, MDA, Brasília, July 26, 2004.

²² Interview with Gerardo Flores, MST, São Paulo, July 28, 2004. Also see CONTAG (2004: pt. 11-13).

²³ Interview with Rolf Hackbart, President of INCRA, Brasília, July 21, 2004.

related to the soya boom in the Central and Central-West area of the country. The average price of land paid by INCRA increased sharply in 2003 and more than doubled in the first half of 2004 (to \$R/1,231 per hectare).²⁴ While this figure obscures wide variation in the price of land by region and state, it clearly has increased the cost per family settled on the *assentamentos*, which tripled between 2001 and 2004. This does not bode well in terms of the government's ability to meet its beneficiary targets in future years.

One of the arguments of the Cardoso regime in support of market-led agrarian reform was that it would lower the cost of acquiring land, since organized groups of buyers had the incentive to bargain to acquire land at the lowest possible price. Critics argued that while that might be true in theory, in practice, landless workers and peasants have very little bargaining power with respect to landowners and that, moreover, the local Sustainable Rural Development Councils overseeing the land credit program are stacked in favor of the landlord class, thus the cost of land will not necessarily be low.

Conclusion

Viewed historically, one of the main lessons of the Brazilian agrarian reform is that its pace has largely depended on the intensity of the struggle for land combined with the degree of repression that any particular government was willing to tolerate. In the context of redemocratization of the country, a window of opportunity was created for a new form of struggle, the land occupations. There is little question but that the refinement of this form of land struggle by the MST in the 1980s and 1990s was the compelling force behind the land reform efforts of the Cardoso government, leading to the largest redistribution of land in favor of the landless in Brazilian history. Moreover, even under the Lula government, the pace of the agrarian reform has largely depended on the degree of pressure from below.

Notwithstanding the significant land redistribution efforts of the past two decades, such has been insufficient either to meet the effective demand for land or to change Brazil's agrarian structure. Moreover, even if Lula had adopted the target of one million beneficiaries under his agrarian reform plan, such would also have been insufficient to make a significant dent on the concentration of land in this huge country. It would take a truly massive effort to change the distribution of land ownership and in particular, the model of development. The more immediate problem is that the Lula government has been unable to meet its own modest targets.

There are significant constraints on the agrarian reform moving forward in the current period, not the least of which is the correlation of forces between those favoring and opposing agrarian reform. The key role of agribusiness to the health of the Brazilian economy has created an impasse in terms of broadening the scope of the reform in two ways. On the one hand, it has led to the commitment by the Lula government to maintain neoliberal economic policies even though the impact of these policies run counter to the PT's professed program of social inclusion and land and income redistribution. On the other hand, favorable policies and high international prices have strengthened the agro-export sector in ways that make it less disposed toward agrarian reform than in the past.

²⁴ Data made available to the authors by INCRA, November 2004.

To the extent that the agro-export sector and the landless compete for the lands of the unproductive latifundia, the correlation of forces moves against agrarian reform. This unfavorable correlation means that the government's hands are tied in terms of enacting legislation that would facilitate a broader reform, or even greater efficiency in its actions. Any changes in procedures can only take place through ministerial directives, at the margins of significant change, hampering, for example, greater gender equity in the application of the reform.

Another major constraint has been the capacity of the state to undertake an integral agrarian reform. The Brazilian case shows that it is not an easy matter to re-build the state after a period of neoliberal governance, given the propensity of the latter to privatize and strip away state functions. Moreover, the Lula government has an ambitious land policy agenda, in many ways trying to do everything at once: social inclusion and an integral reform, redistributive and market-led agrarian reform, land titling and a national land registry, all of which require substantial human and financial resources. The government has found it difficult, for example, to move forward on planned territorial development, with most potential expropriations still being the result of the actions of the rural social movements.

But the Lula government can point to a number of accomplishments in its first two years in office. In the international arena, Lula has effectively lobbied for the opening of international agricultural markets to favor Brazil's agro-export; his discourse, however, has been different than that of his predecessor. Reflecting the importance that he places on supporting a strong domestically-oriented agricultural sector, Lula has argued for the right of Third World countries to maintain control over their domestic agricultural policies in order to favor those sectors potentially harmed by trade agreements and free trade.²⁵ And he has put this into practice in Brazil by significantly increasing the amount of subsidized agricultural credit made available to family farmers.

With respect to the *assentamentos*, the Lula government has also made progress in meeting the deficit with respect to promised infrastructure and installation credits inherited from the previous government. Along with increasing the level of production and investment credit made available to agrarian reform beneficiaries and other family farmers, he has revamped the system of technical assistance - the latter a necessary measure to assure that credit is utilized effectively. And he has increased the role of the state in the marketing of basic foodstuffs, measures that have favored the family farming sector.

Since Brazil is one of the few countries carrying out both redistributive as well as market-led agrarian reform, it provides a unique setting to analyze the potential of these competing approaches through a poverty reduction and gender equity lens. Can these in fact be complementary, resulting in more land being available for redistribution and in a greater number of beneficiaries than would otherwise be the case?

A rigorous comparative framework is needed to be able to assess the relative efficacy of redistributive versus market-led agrarian reform. As a minimum, such a study requires the selection of settlements under similar productive conditions in the same

²⁵ This point was made by Caio França, Director of NEAD, at the Seminar on Public Policies held at CPDA/UFRRJ, November 24, 2004.

municipality, with controls for the age of the settlement and the level and timing of state assistance. Such a study would be useful in answering the question of whether beneficiaries of the market-led program will be able to repay their land debts and the impact of doing so on the welfare of beneficiary households. A comparative framework would also be useful in studying the problem of abandonment on the various types of settlements, a topic that requires much further analysis, particularly as it relates to the different forms of indebtedness and the lack of provision of adequate infrastructure.

Brazil also offers a unique opportunity to study different kinds of agrarian reform settlements according to the manner in which they were formed and how this relates to their social cohesiveness and sustainability.²⁶ First, how do settlements formed via encampments under the leadership of the MST, CONTAG, the CPT and other land rights organizations differ among themselves due to the specific characteristics of these organizations? Second, how do those settlements characterized by strong grassroots participation in the struggle for land differ from those organized for the purpose of purchasing land at the behest of either local-level elites or NGOs (the *Cédula da Terra*) or CONTAG (the CFCP). Advocates of the decentralized, market-led reform argue that one of its benefits is “self-selection” since only those with the skills and dedication to farming will come forward to buy land and take on a mortgage, but have given little attention to the process through which these associations are formed and whether they have the internal cohesiveness to function as a community.

Little research has been done comparing welfare outcomes on settlements constituted as production cooperatives with those characterized by individual family farming. What makes the Brazilian case particularly interesting is that the decision to form a production cooperative has not been imposed by agrarian reform planners ‘from above’ as in the Latin American agrarian reforms of the past. Rather, their promotion has been at the behest of the MST with relatively little special assistance from the state. Moreover, besides facilitating the provision of infrastructure and other public goods, a number of production cooperatives have successfully developed agro-industrial activities, thus diversifying incomes and generating employment opportunities for family members such as women and youth. A more systematic study is also needed of the various forms of potential cooperation, ranging from loosely organized associations, to credit and service and marketing cooperatives.

The fact that joint titling of couples as beneficiaries of the reform is just being implemented provides a unique moment to study the impact of this policy on women’s participation within the *assentamentos*. The sharp drop in women’s participation from the encampment stage to when the land settlements are constituted and their associations formed has frequently been noted. Will joint titling and the legal right to be a member of the association, with voice and vote, make a difference, not only in terms of women’s participation in the community but also in the outcomes on the *assentamento*? What kinds of mechanisms or policies enhance women’s greater participation? Will women’s enhanced land rights impact upon household decision-making, bringing about positive changes in gender relations and in the welfare of women and children?

²⁶ Carvalho (1998) offers an insightful conceptual framework for analyzing different forms of associations under the Brazilian agrarian reform, emphasizing the factors that contribute to their social cohesiveness.

Rural standards of living in Brazil continue to remain abysmally low. It is in this context where agrarian reform can be a successful poverty reduction strategy, particularly in terms of raising rural standards of living, if not income levels across the board. In the context of a lack of alternative labor market opportunities, the land reform settlements provide a place to live and raise a few animals, and through organization, the possibility of obtaining some minimal state services. It is notable that the great majority of agrarian reform beneficiaries consider that they are better off, even when the State has been slow to deliver on its promises. The dilemma is that generating the conditions for self-sustaining rural communities is not cheap and will continue to require a significant state role, a challenge for any government pursuing neoliberal policies.

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TABLES

Table 1. Agrarian Reform Beneficiary Families by Period and Region

Region	1964-1994	1995-Sept. 2002
North	135,138 (61.8%)	219,087 (37.8%)
Northeast	41,444 (19.0%)	191,319 (33.0%)
Center-West	26,196 (12.0%)	105,549 (18.2%)
Southeast	7,914 (3.6%)	29,083 (5.0%)
South	7,842 (3.6%)	34,695 (6.0%)
Total	218,534 (100%)	579,733 (100%)

Note: Excludes beneficiaries of the Land Bank and Land Credit and Poverty Reduction programs.

Source: MDA/INCRA (2002).

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