

Unfulfilled Expectations:
Brazilian Agrarian Reform (1994-2006)

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Abstract: In 2002 Brazil looked ripe for agrarian reform. It was supported heavily by the Brazilian public, which had just elected a Socialist as President. The expected land reform, however, failed to materialize. Through a comparison of the Cardoso and Lula governments and their respective anti-poverty policies, this paper argues that Lula made the deliberate policy decision to abandon major land reform in order to maximize votes while avoiding the feared consequences of a direct challenge to the entrenched power structures within Brazil.

During the last fifteen years agrarian reform has come to occupy a prominent position in Brazilian political discourse. Through his eight years in office (1995-2002) President Fernando Henrique Cardoso was forced to address land reform more frequently than his policy aims dictated. This resulted in the deepest land reform in the history of Brazil, surpassing the combined reform of the previous 400 years. During Cardoso's eight years in office he resettled 393,791 families (DATA LUTA, 2009).¹ Considering that the previous forty years of Brazilian governments only resettled 218,534 families, it is clear that Cardoso's resettlement efforts were substantial (Ondetti, 2007: 17-19).

Despite Cardoso's acceleration of land reform, demand was far from satisfied. With the election of Workers' Party (PT) candidate Luiz Inácio Lula da Silva as President of Brazil in October of 2002, land reform activists were hopeful that they finally had an ally in the *Palácio da Alvorada* who would resettle even more families. Along with the PT's historic support for land reform, and the fact that the PT was the largest party in the lower chamber of Congress, it was reasonable to believe that Lula was capable of significantly expediting the reform effort begun by Cardoso. His campaign speeches fed into this belief, promising to settle 400,000 families during his term in office. Lula's actions after he became president, however, left a lot to be desired. Despite a large increase in settlements in 2005 and 2006, Lula resettled barely over 200,000 families (DATA LUTA, 2009).² Not only did Lula fail to meet his first term goal, he also fell short of the expectations set by Cardoso.

This failure was especially poignant in light of the historic linkages between the Worker's Party and the Landless Workers Movement (*Movimento dos Trabalhadores Rurais Sem Terra – MST*), the main civil-societal actor advocating land reform. Founded within a year of each other in the early 1980s, the MST and PT were some of the first political actors to see the light at the

end of the tunnel of the twenty-year military dictatorship. While the MST officially stays out of electoral politics, there is significant crossover between party officials and MST representatives, and members of the MST often participate in get-out-the-vote efforts for PT candidates. This relationship carried into the 2000s, as the MST and PT were both founding members of the World Social Forum in Porto Alegre (Sinek, 2007: 24). It was expected that Lula would uphold the interests of the MST, and when he did not it was quite a shock.

In this paper I argue that Lula made the pragmatic decision to scale back agrarian reform for a number of reasons. Land reform was difficult to implement given the strength of right-wing elites and the structure of the Brazilian political system. Instead of engaging the powerful elite in a battle within an unfavorable system, Lula chose to dramatically increase the scope of additional conditional cash transfer (CCT) programs. This satisfied his obligation to implement social policy without harming his ability to achieve other political goals. Additionally, CCT programs enabled Lula to tap into a previously hostile voter base: poor rural workers. Instead of attempting the major overhaul of Brazilian class structure that land reform entails, Lula followed the politically expedient, vote-capturing route.

Brazilian Historical Land Reform and the Birth of the MST

Control of land has always been a tumultuous issue in Brazil. The roots of land inequality go back to the early 1500s, when Portuguese King John III granted large estates and plantations to twelve captains (Wright and Wolford, 2003: xxvii). Brazil has never recovered from this early system of giving land to the privileged elite. According to the United Nations' Human Development Report, in 2009 Brazil had the eleventh most unequal distribution of wealth in the world, much of this due to the history of inequality of land tenure.

This is not to say, however, that there have not been attempts to reduce the inequality. The most substantial of these was under left-populist President João Goulart in the early 1960s. Unfortunately for land reform proponents, these efforts were thwarted by the 1964 military coup d'état, and the following twenty years of military rule. The PT and MST were founded in the early 1980s as a reaction to the military rule, and also because the crumbling of its hold on Brazilian society allowed them to exist. They were important actors pushing land reform in the 1980s until the formation of a new Brazilian Constitution in 1988.

Brazil's Constitution has undergone many changes and outright replacements. New Constitutions were instituted in 1934, 1937, 1946, and 1967. After the end of military rule, the people of Brazil were eager for another chance to write a new constitution. A constitutional committee was convened, and in 1988 a new Constitution, the seventh in Brazilian history, was promulgated. For the MST and other Brazilians pushing to appropriate land, Article 186 of the new constitution is the most important article. The 186th Article enshrines into the law that land has a "social use," and that it can be confiscated if this social use is not being met.³

This interpretation of law explains the MSTs wide usage of land occupation. The MST's most effective tactic is land occupation. Activists identify and move onto land that they claim is unproductive. Land occupation is such a critical tactic for the MST that Gabriel Ondetti, in his exhaustive 2008 book on the landless movement in Brazil, uses it as the measuring stick of land reform activity. To Ondetti, declining occupations signals a weakening of the MST, while an increase in occupations showcases MST vitality. Ninety-six percent of agrarian reform settlements, whether led by the MST or not, originated through a struggle for land (Leite et al, 2004: 40-43). Land occupation is the MST's strongest tactic to acquire both land and publicity, but it is not the only tool. They engage in other protest techniques such as road blocking, rallies

and sit-ins of government buildings. All tactics are designed to raise awareness of the inequities of land distribution and to oblige the government to address the issue.

The Cardoso Government

More families were given land under the Cardoso administration than during all previous administrations combined. Despite valid criticisms of Cardoso's reform efforts, this fact remains undisputed. How did it fall upon the leader of a centrist party to engage in sweeping land reform? Cardoso faced extensive mobilization of a coordinated group of civil societal actors: national and international NGOs, the Pastoral Land Commission (*Comissão Pastoral da Terra – CPT*), National Confederation of Agricultural Workers of Brazil (*Confederação Nacional dos Trabalhadores na Agricultura do Brasil – CONTAG*), the MST and others. For the first time these formerly disparate groups worked together to shower attention upon land reform. Additionally, two public massacres of land reform demonstrators put the Brazilian public solidly in the corner of reform. Finally, the left-wing of Brazilian politics, particularly the PT, acknowledged and supported the importance of the issue. These were the primary factors that influenced Cardoso to appropriate more land than Brazilian leaders had in the previous 400 years.

Cardoso was the first Brazilian president to be opposed by an organized agrarian reform movement. Land reform activists gained strength throughout the 1980s and into the early 1990s. Since its inception in the early 1980s the MST was the force behind this momentum. After thirty years of Brazilian presidents proclaiming the need for land reform but failing to implement it, civil societal actors saw the need to intensify the pressure on the government. Throughout the 1980s the Landless Workers Movement expanded geographically from its base in the southern state of Rio Grande do Sul to become a nationally prominent organization.⁴ With land

occupations and protests occurring in every Brazilian state, the established political elite were compelled to take their concerns seriously.

While Cardoso's early reform efforts were a concession to the growing strength of land reform advocates, two separate massacres of activists in early 1996 were the catalysts that forced him into action. At El Dorado dos Carajás, the second of these massacres, MST settlers were attacked by armored military police who killed nineteen, and injured countless more. To make matters worse for the Cardoso administration, the entire incident was captured on video and replayed endlessly by the Brazilian media. Sympathy for the landless workers surged virtually overnight, and the MST took full advantage by significantly ramping up their pressure on Cardoso. A week after the massacre he removed the *Instituto Nacional de Colonização e Reforma Agrária* (INCRA), the lead governmental reform agency, from the purview of the Ministry of Agriculture and made it its own department, an erstwhile demand of the MST (Ondetti, 2007: 13). The trends of appropriation of land and resettlement of families were already on the upswing before the two massacres, but they were the triggers that forced Cardoso to concede more than he wanted.

Electoral timing also contributed to Cardoso's decision making. He won the 1994 election with support from both the right and the left. From the left he was able to attract the support of "much of the urban middle class and the intelligentsia," groups that normally wouldn't vote for a *Partido da Social Democracia Brasileira* (PSDB) candidate (Ondetti, 2007: 22). Early on President Cardoso confronted labor groups and failed to introduce major social reform, wearing thin the support of the left. Granting some of their demands on the issue of land reform was a means to relieve this pressure. Furthermore, he could get away with challenging the structure of the Brazilian land tenure system because he was a centrist, not a leftist. At the same

time he was appropriating land, Cardoso pushed ahead with monumental neo-liberal policies. He took over many of the failed attempts at neo-liberalism of Fernando Collor de Mello, president from 1990-1992, most notably the privatization of state-owned enterprises. Among other privatizations, Cardoso's government sold off telecommunications giant *Telebrás* in 1998 for US\$22 billion, at the time the largest privatization in the world (Kingstone, 2003: 21). While the land-owning elite opposed his efforts, they didn't do so with the same vigor that they would later direct towards Lula.

In Brazilian politics Cardoso's actions are described as *jogo de cintura*, meaning they are flexible. During his first term he moved to the left to appease the opposition, and after reelection he moved to the right to gain conservative support in the legislature. Cardoso had no stake in the ideological battle over land reform; he simply adjusted his position on it depending upon his other policy goals. Cardoso's divergent approaches to land reform teach important lessons. Politicians have to respond to the unique political situations confronting them. In the face of massive public unrest, just the type Cardoso faced after the massacre at El Dorado dos Carajás, a politician cannot hold out forever. They also respond to electoral timing. When center-left support was necessary for election, Cardoso played up his progressive past (Pereira, 2003). When conservative support was necessary to pass legislation, Cardoso abandoned land reform. Throughout his eight years in office, the issue of land reform became political football, with Cardoso alternatively holding the ball and punting.

Despite declining support for land reform during his second term, Cardoso still resettled more families than all previous governments combined. It was natural to expect that Lula would build upon this, and achieve even more success. Going forward, I will use these lessons to explain why Lula did not.

Method of Analysis

While this paper is focused on land reform, it is really a case study used to illuminate a larger issue: the ability of governments to address poverty and inequality. A comparison of the Cardoso and Lula administrations takes into account factors including political and party ideology, executive power, strength of civil societal actors, electoral timing and elite interests. These are the independent variables that are used in an attempt to quantify the dependent variable, agrarian reform.

I have chosen Brazil because it is the best example of modern land reform in Latin America. It is also the country where land reform is the most necessary, as Brazilian society is one of the most unequal in the world. The transition from Cardoso to Lula provides a platform for an analysis of the influence of presidential ideology on land reform. Combined with the presence of the Landless Workers Movement, the Brazilian land reform arena encompasses powerful actors competing for their desired policy outcome.

Weakened Civil Society

Many scholars have attempted to explain why Lula did not engage in widespread agrarian reform. In the next section I will analyze two of the more popular explanations before clarifying why I believe they fail to adequately account for Lula's policy choices. The first theory states that the MST and other civil societal actors exerted less pressure on Lula than they did on Cardoso. The second argues that over the last thirty years the ideology of the Workers' Party, and by extension Lula, has moderated. While both of these theories have merit, they fail to truly capture Lula's reasoning.

Pressure applied by the MST was a contributing factor to Cardoso's increase in land resettlement. Especially after the massacre at El Dorado dos Carajás, MST strength was at an all-time high. After he won reelection in 1998, however, Cardoso began to crack down on the most important tactic of agrarian reform activists: land occupation. The effectiveness of Cardoso's harsh measures is born out in the data. From 1999 to 2000 occupations almost halved, and then halved again in 2001. By 2002 occupations had declined 69 percent from their 1999 level.⁵

MST demonstrations certainly forced Cardoso to address land reform, so it stands to reason that a possible explanation for the slowdown of reform under Lula was a result of weakened civil societal actors. While Lula encountered an anemic MST when he came to office, the MST did not remain that way for long. When Cardoso left office his harsh anti-occupation measures left with him and the amount of occupations erupted. Nineteen ninety-eight and 1999 remain the years with the most occupations, but the total over Lula's first four years exceeds the total for either of Cardoso's terms.⁶ Lula did not remove Cardoso's anti-occupation measures but he chose not to enforce them, and he restored MST access to federal funds (Ondetti, 2008: 213-214). Furthermore, the MST began an evolution away from land occupations, rendering statistics on them less important than in years past. The movement shifted some of its focus from the physical process of occupation to working with government leaders and agency officials. MST leaders understood that movement had to participate in and influence the legal proceedings of land resettlement to solidify gains. The tactics of 1984 had to be updated.

In addition, assuming that a weakened MST is enough to lessen the pressure for land reform does not give enough credit to other organizations of reform proponents. Of the 545 occupations that took place in 2006, only a quarter were linked to the MST (Carter, 2010: 13). MST, CONTAG and the CPT are the strongest and most widely known social organizations

advocating for land reform, but they are by no means the only ones. It bears repeating that the per-year average of occupations under Lula was higher than it was under Cardoso, and only a quarter of those were linked to the MST. There was no outpouring of support for land reform under Lula like there was after the massacre at El Dorado dos Carajás, but there was a steady demand for it from below.

The MST evolved from the organization that confronted the Cardoso government, but it became less influential. In 2005, the MST organized 12,000 people to march 125 miles to the capital, Brasília, a massive undertaking. In 2006 the estimated membership of the MST was 1.1 million people, making it the largest social movement in the world (Carter, 2010: 17). It has a strong collaboration with the Lula administration, especially with INCRA. Through continued land occupation, a larger budget it hand the aforementioned cooperation with the Lula administration, the MST remains a relevant actor in the land reform arena.

Ideological Moderation of the PT

The PT was formed in 1979, “Repudiating all forms of political manipulation of the exploited masses, including, above all, manipulations particular to the pre-64 regime, the PT refuses to accept among its ranks representatives of the exploitative classes. In other words, The Workers’ Party is a party without bosses!” (Bianchi and Braga, 2005: 1748). A few years later, in 1982, the PT asserted that ““elections represent only part of our long-term goal, which is constructing a socialist society without exploiters or exploited”” (Samuels, 2004: 100). The PT was formed, with Lula a key participant, as a socialist party looking beyond individual elections towards the larger goal of remaking Brazilian society. Many observers, therefore, were surprised by the decisions Lula made once in office. Branford and Kucinski write “to the astonishment of

his followers, Lula's government opted for conservative economic policies" while James Petras entitles his article on Lula's economic policies "Lula's Sell-Out" (2005: vii; 2004: 29). Right before he took office, in the face of a deteriorating Brazilian economy, Lula issued a "Letter to the Brazilian People" in which he promised to repay Brazil's debt, honor all contracts, and abide by International Monetary Fund (IMF) requirements. Lula upheld this promise, and even used money that could have been spent on social programs to pay above the minimum on the debt. Many PT loyalists considered this a capitulation to international investors and the right wing of Brazilian politics. The Lula that nearly 53 million Brazilians voted for wasn't necessarily the Lula that they got.

How can this shift be explained? Wendy Hunter argues that the PT veered from "policy seeking to vote maximization" in an effort to win the presidential election (2007: 456). While David Samuels argues a slightly different consideration, the main points are the same: it was not that Lula personally changed, but rather the PT moderated its ideology over time. In order to achieve electoral legitimacy the PT broadened its support and appeal to voters outside of its core constituency of urban workers. Samuels and Hunter agree on the same basic timeline. The PT maintained its "policy seeking" orientation throughout the 1980s and early 1990s, but began to moderate after Lula was defeated by Cardoso in the 1994 election, his second defeat. This began an eight-year period of moderation that culminated in 2002 with Lula's overwhelming victory.

This argument is compelling, but ultimately lacking. Hunter asserts that the PT leadership realized that the 1989 presidential election, in which Lula advanced to the second round against Fernando Collor de Mello and narrowly lost in the run-off, was an aberration, a "highly polarized contest between a populist right-wing candidate associated with the military regime and a candidate who represented a break with that style and era" (2007: 460). She contrasts Collor's

negatives with a description of Cardoso as a “credible centrist opponent from an institutionalized party not linked to the military.” By this telling, Lula would only ever be viable against bad candidates. This comparison between Collor and Cardoso, however, is misleading. There were fundamental differences between the 1989 and 1994 elections, but it is not fair to point to one and say that it was an aberration, and that the other represents a “normal” election. If 1989 was such an aberration, in which Lula went against the ideal opponent, 1994 was an aberration because he faced the worst opponent. Cardoso’s PDSB party was able to siphon some of Lula’s support from the left. Furthermore, as Minister of Finance under Itamar Franco, Cardoso was the public face of the wildly popular *Plano Real* economic measures taken to stabilize the economy. There were fundamental differences between the 1989 and 1994 elections, but it is not correct to point to one as irregular and the other as normal. Lula lost the 1994 election because he ran against a better candidate, not because PT extremism doomed him to lose all elections in “normal” years.

There is no doubt that there was a moderation of PT ideology. In this respect the PT behaved no differently than other Socialist parties emerging from dictatorships. The Spanish Socialist Workers’ Party (*Partido Socialista Obrero Español*, PSOE) went through a similar transition after the death of Francisco Franco in 1976. In the first democratic election in 1979 the PSOE won 28.5 percent of the vote, becoming the leading opposition party (Share, 1985: 90). This is mirrored by Lula’s close loss to Collor in 1989, as well as the general rise of the party throughout the late 1989s/early 1990s as it began to win mayorships and other important seats on the sub-national level. These parties could no longer play the gadfly role of an opposition party, but had to provide results and govern.

A great cleavage occurred within the PSOE at its Twenty-Eight Congress in 1979. Felipe González, Secretary General of the party, proposed “an end to the Marxist definition of the party, a move that was defeated by the delegates but later approved at a Special Congress,” signaling a win for the wing of the party that advanced moderation (Share, 1999: 95). González would go on to win the Prime Ministry in 1982, and serve four terms until 1996. While González implemented neoliberal economic policies, similar to Lula, he also stayed true to the base of the PSOE. Universal health care was expanded, universal schooling was introduced, and the pension system was significantly reformed to extend benefits. More importantly, the base didn’t abandon González. The party members that supported keeping the definition of the party as Marxist didn’t abandon it after they were defeated, and they didn’t abandon the party after González’s and other party elites supported the highly controversial decision to join NATO in 1983. The experience of the PSOE in Spain shows that it is possible to moderate to attain electoral legitimacy while simultaneously retaining the organizational base of the party, and that it is possible to moderate but still push through core elements of the party program.

The PT moderation was not a significant contributor to President Lula’s decision to slow agrarian reform. The moderation occurred at the top and among the elite, not among rank-and-file PT members. Over the last twenty years various factions have taken charge of setting the PT agenda, but the dominant one has clearly been the *Articulação* faction, made up primarily of trade unionists, the PT’s traditional base. The party is not as far to the left as it was at its creation, but nonetheless “left-wing tendencies still have a profound impact on party life. The existence of the Marxist tendencies ensures that the PT continues to be a left-wing party, if not a Marxist one” (Branford and Kucinski, 2005: 40). The PT has coalitional partners and has

professionalized to attract new voters at the margins, but its core constituency is still made up of urban workers, and these workers strongly support land reform.

Lula's Politics

Prominent scholars argue that Lula did not maintain or build upon the agrarian reforms of Cardoso because civil societal actors exerted less pressure on Lula, and that the PT has substantially moderated. I don't believe either of these explanations to be sufficient. They can explain small shifts in Lula's ability to implement policy, but they don't satisfactorily answer the larger question. For this I present an alternative, two-part explanation. Lula faced powerful, landed interests on the right whose strength was bolstered by the structure of Brazil's electoral system. It is easy to see that Lula failed to engage in land reform due to his ability to accomplish some of the same goals through CCTs.

The coalition of wealth opposing Lula at the outset of his presidency was formidable. While Lula comfortably won the 2002 election with 61 percent of the vote, his candidacy was resisted by the domestic constituency of business – large land owners, media, owners of medium and large-sized companies and the finance sector. Along with international investors, these actors benefitted from Brazil's neoliberal shift, and were afraid that Lula would reverse many of Cardoso's pro-business policies. Their opposition to Lula was such that he issued the aforementioned "Letter to the Brazilian People" – derisively called the "Letter to the Bankers" – in an attempt to calm these fears. He also promised to grant autonomy to the Brazilian Central Bank, as well as signing a new IMF agreement on September 4th, 2002, three months before he took office. This agreement gave the government US\$6 billion right away, with another US\$24 billion going to the new government, conditional upon policy approval by the IMF (Morais and

Saad-Filho, 2005: 10). These concessions effectively dampened criticism from the right, but at a high cost. They severely limited his choice of policy, and forced Lula to follow many of Cardoso's neoliberal economic dictates.

The structure of Brazil's electoral system was another obstacle preventing land reform. As Scott Mainwaring describes it, Brazil has "one of the world's most disproportional systems of proportional representation" (1991: 22). Each state has three senators, meaning São Paulo's forty-million residents have the same representation as Pará's million residents. The North and Northeastern rural states are overrepresented, while the South and Southeastern industrial states are underrepresented. Since it is rarely the landless worker who rises to become Senator, but rather the wealthy landowner, opponents of land reform receive a disproportionately high amount of power in the Brazilian Senate.

Senate representation is not the only institutional factor preventing reform. In Brazil politicians, and their campaigns, are highly individualistic. Most proportional representation systems use some form of a closed list, where parties submit a list of candidates before the elections begin. Citizens vote for a party, and depending upon how many votes that party wins the top x candidates from the submitted lists are elected. Brazil uses an open-list system, where the voters determine which party representatives are elected, not the party. This increases incentives for candidates to break from their party if they feel it will help them get elected. Furthermore, Brazilian politicians feel no bond to the political party under which they got elected. One-third of the members of the Brazilian 1987-1990 congress were found to have switched parties, and the average congressman had belonged to an average of 2.9 parties (Mainwaring, 1991: 28). While party switching has decreased since a change in law in 2004, the lack of party discipline remains. For extensive land reform to pass congress there would have to be extreme

discipline among PT politicians, and all politicians of leftist parties. Theoretically this was possible, as the PT won the largest share of votes in both the upper and lower chambers of congress in the 2002 elections (Nohlen, 2005: 164-252). The individualistic nature of Brazilian politicians, however, along with their lack of incentive to stick to the party line, made this very difficult.

That is not to say, however, that the structure of Brazilian politics made reform impossible. These weren't restraints imposed solely upon Lula: they existed when Cardoso was president as well. The fact that Cardoso was able to still resettle families under these conditions shows that they weren't insurmountable obstacles to Lula. Cardoso's actions show his successful practice of *jogo de cintura*. He was able to dance around the political spectrum, convincing those on the right not to block his reform efforts while simultaneously using those efforts to show those on the left that he was doing more than just implementing neoliberal policies. Lula could have attempted repeat Cardoso's subtle manipulation of the political climate but chose not to.

Lula faced constraints from international investors and the domestic right, as well as the Brazilian political structure, but he was still the leader of a left-wing party. He could not simply ignore social policy. His election may not have signaled a mandate for change, but it "created the *expectation of changes*" (Morais and Saad-Filho, 2005: 11). Lula had an array of social policy options to choose from, and he opted for an increase in conditional cash transfer programs. As instruments of social policy conditional cash transfers have a number of advantages over other measures. They are cost-efficient, vote-capturing, supported by traditional opponents of social spending, and produce easy to measure results. Lula noted these advantages, and opted to scale back land reform while dramatically increasing the social safety net through CCTs.

The goal of Brazilian CCT programs is to cut the intergenerational poverty rate. In an attempt to prevent poverty in future generations they focus on assisting women and children. The hope is that by ensuring that children have three meals a day, attend school and receive regular health and dental care they are more likely to escape the poverty that entrapped their parents. Proponents of CCTs argue that they are able to achieve this goal more cost-effectively than other social programs. Upon taking office in January of 2003 Lula declared ““If by the end of my term of office every Brazilian has enough food to eat three times a day, I shall have fulfilled my mission in life,”” thus committing to the expansion of CCTs (Hall, 2008: 803).

Lula’s flagship program is *Bolsa Família* roughly translated as “Family Grant.” *Bolsa Família* is a consolidation of many CCTs active during the Cardoso administration, with an increase in scope and budget. It has been very successful, and it is hard to overstate how popular it is among Brazilians. *Bolsa Família* is the largest conditional cash transfer program in the world, with 44 million Brazilians, nearly 25 percent of the total population, participating in it (Hall, 2006: 689). *Bolsa Família* works by giving cash outlays to families whose monthly income falls below a certain level. They are given cash outlays to buy food, ostensibly to improve the health and nutrition of their children. A family can also receive money if their children meet attendance requirements at schools and health clinics, as well as earning subsidized cooking oil. The program is so prevalent that by 2004 only 48 percent of poor households received the majority of their income from employment, down from 89 percent in 1995 (Hall, 2006: 707). Millions of families have become reliant on conditional cash transfers as their main source of income.

While the amount of money spent on *Bolsa Família* seems massive, in actuality it is a small proportion of the budget. *Bolsa Família* accounts for almost three percent of the social

budget. In contrast, social security, including pensions, makes up 69 percent of the social budget. Under Lula *Bolsa Família* payments have increased from 0.2 to 0.5 percent of GDP (Hall, 2008: 801-803). This is not an insignificant sum, but it is clear that within the overall picture of the Brazilian budget, *Bolsa Família* does not feature prominently. It is a highly visible, highly popular program run at a relatively low cost. Furthermore, *Bolsa Família* outlays usually go to the intended recipients. One of the major criticisms of CCTs is that they are easy to abuse. Whether due to politicians using them for political patronage, fraud on the part of the recipients or outright corruption, it is difficult to track small cash payments to over 11 million families, especially given the program's rapid expansion under Lula. The creation of *Bolsa Família* consolidated separately administered CCTs, reducing fragmentation and merging systems of data collection, reporting and payment (Hall, 2006: 697). Given the difficulties in managing such a large program, *Bolsa Família* is targeted well. Seventy-three percent of payments reach the poorest quintile of society, while 94 percent go to the bottom two quintiles (World Bank, 2007: 15). The Lula administration has also engaged in a widespread campaign to enroll every eligible Brazilian in *Bolsa Família*. While this goal has not quite been met, *Bolsa Família* has expanded threefold under Lula (Hall, 2006: 699). While not perfect, *Bolsa Família* is one of the more efficiently run conditional cash transfer programs in the world.

So far this paper has included a discussion of the effectiveness of Brazilian conditional cash transfer programs, but has yet to examine why Lula chose to dramatically increase their scope. CCTs, of course, are not the only instrument of social policy. At the root of Brazilian poverty is the unequal system of land distribution. Brazilian poverty is concentrated in the poor Northeast region, where three quarters of *Bolsa Família* recipients live (Hall, 2006: 701). It is not a coincidence that the Northeast is the site of the most fervent land occupations, and the recipient

of the most resettled land. From 1995-1999 the Northeast made up 37.1 percent of MST occupations while the next highest region, the Center-West, accounted for only 18.9 percent (Ondetti, 2008: 159). Both Cardoso and Lula recognized that their poverty alleviation programs needed to focus on the Northeast. What is unclear is why Lula decided to achieve this through CCTs rather than through agrarian reform.

The history of agrarian reform in Latin America is not very kind to the executive implementing it. Ondetti calculates that only six other Latin American land reform efforts were more substantial than Cardoso's (Ondetti, 2007: 20). The leaders of two of these, Arbenz in Guatemala and Allende in Chile, became victims of coup d'états. The last Brazilian president to seriously attempt land reform before Cardoso, João Goulart, was himself overthrown by a military government. Latin American land reform history suggests that it is very difficult for a democratically elected President to undertake redistribution of private land. Elite, vested interests fight against land reform harder than any other political issue.

Hunter and Power outline this dilemma well. They argue that while Cardoso presided over a "government of *reforms*, Lula's has been a government of *programs*, a qualitative difference" (2007: 17). Deep structural reform, such as agrarian reform, requires "entering into lengthy negotiations and achieving high-threshold votes in Congress in order to implement unpopular policies" while *Bolsa Família* is part of a group of social programs "controlled by the executive, which do not require legislative wrangling to be enacted" (Hunter and Power, 2007: 17). Lula's reasoning here is clear. He could attempt to alleviate poverty through agrarian reform or through conditional cash transfers. One strategy guaranteed a fight with business interests, international investors and congress, while the other required only executive approval and was extraordinarily popular. These would be reasons enough to abandon land reform in favor of

Bolsa Família, but there is still another factor at play: Lula was able to use *Bolsa Família* to vote-capture.

To many observers, Lula owes his win in the 2006 general election to *Bolsa Família*. In the 1994, 1998 and 2002 elections Lula achieved better results in metropolitan towns than interior ones. Metropolitan towns contain the traditional base of PT support: industrial workers and intellectuals. In 2006, for the first time, Lula's share of the vote was higher in interior than metropolitan towns.⁷ The 2006 vote was closer than the 2002 vote, with Lula's vote-share decreasing pretty much across the board. This decrease was less dramatic among the interior towns than metropolitan ones, among less educated voters, and among poor voters. This suggests that the rich, well educated urbanites were more likely to abandon Lula while the poor, uneducated rural voters, a huge percentage of which receive the benefits of *Bolsa Família*, were more likely to stick with Lula. This is reflected in the work of César Zucco. He finds that there was a strongly positive relationship between Lula's 2006 vote share and the scope of *Bolsa Família*. Municipalities with a large number of *Bolsa Família* recipients voted heavily for Lula, while municipalities with a small number of recipients tended to vote heavily for his opponents. Through *Bolsa Família*, Lula was able to effectively target a demographic that didn't vote for him in the 2002 election: poor residents of the Brazilian interior. This targeting combined with the support of the traditional PT base, ensured Lula an easy second-round win.

Finally, *Bolsa Família* is supported by some of the very same groups that most vocally opposed his candidacy in 2002: international financial institutions. The International Monetary Fund (IMF), World Bank and Inter-American Development Bank all endorsed the anti-poverty measures Lula announced upon assumption of office. These were, after all, "prudent social policies, belying [Lula's] radical left-wing image" (Hall, 2006: 695-696). A year later the World

Bank went even further, and gave Brazil a US\$572 million loan to fund *Bolsa Família*. The Inter-American Development Bank followed this up with a US\$1 billion loan. This is not tacit support but rather a full-blown endorsement by international financial institutions. They see *Bolsa Família* as an anti-poverty program that reduces inequality without causing social and political turmoil. International lending institutions traditionally oppose increases on social spending, so to have their support is a major boon for the Lula administration.

Agrarian reform and an expanded social safety net are not mutually exclusive, of course. Lula could have chosen to implement both agrarian reform, perhaps in a scaled-back manner, along with expanding *Bolsa Família*. It is likely, however, that this would have been disastrous. Certainly both the World Bank and the Inter-American Development Bank would not have given the Brazilian government a combined US\$1.57 billion loan to support *Bolsa Família*, seriously jeopardizing its expansion, and success. Furthermore, the Brazilian social budget is simply not large enough to fully implement two large social outlays in addition to pension spending. It is impossible to cut pension spending, a full 69 percent of the social budget, leaving 31 percent for *Bolsa Família* and land appropriation and resettlement costs, in addition to vital expenses such as “health, education, social assistance, worker protection and sanitation” (Hall, 2008: 801-803). Lula was forced to make a choice as to how to allocate his social spending, and he chose the less expensive, vote-capturing program.

Applying the same lessons Cardoso learned to Lula and it is easy to see why he failed to engage in widespread land reform. Lula seldom had the luxury to dictate the terms of the political debate. More often than not, he had to respond to the political situation. Whether fair or not, international investors, domestic business and large landowners were extremely nervous at the prospect of a Lula presidency. Even though these constituencies would never vote or

advocate for Lula, they hold tremendous sway over public opinion, the political process, and the economy. Lula didn't acquiesce to their demands to achieve electoral legitimacy, but to preempt the havoc they were capable of wreaking on Brazilian society. While he was able to mollify many of their concerns, they never really went away. By only nominally engaging in land reform Lula was able to prevent these right-wing interests from seriously challenging his administration.

Additionally, Lula understood the timing of the electoral cycle. During the campaigning in the run-up to the 2002 election, Lula promised to resettle 400,000 families during his first term. This rhetoric served to energize his base and ensure the full participation of the MST in the election effort. Once he won the presidency, land reform advocates were left without leverage. There are few Brazilian parties to the left of the PT, and these parties aren't electorally viable on a national level. While it was a moderate party that engaged in land reform under Cardoso, this wasn't seen as likely to repeat itself. Because of the structure of Brazilian politics, citizens unhappy with Lula's attempt at land reform had no clear alternative to turn to. While his base wasn't necessarily pleased by his policies, he more than made up for their dip in support during the 2006 election by the votes that he picked up through *Bolsa Família*. Lula promised land reform when he thought it necessary to win an election, and abandoned that promise when he determined he had another, more efficient, means of vote-capturing.

MST Response

One final puzzle has yet to be elucidated: how did the MST react to Lula's policies? After his first year agrarian reform activists understood that the hoped for change was not going to materialize. As a response to Lula's inaction, in March of 2004 the MST launched a "national land occupation campaign" and by April 33,411 new families were occupying land in 20

Brazilian states (Petras, 2004: 33). INCRA refused to increase the speed of appropriation, however, demonstrating the legal hurdles facing agrarian reform. Since Lula's election the MST has updated their strategies in two significant ways. They have become more involved in the legal process of land appropriation, and participate more heavily in the campaign against agribusiness and the privatization of precious natural resources.

As discussed earlier in this paper, land occupations are losing their prominence within the Landless Worker Movement. With hundreds of thousands of activists occupying the land, the struggle is no longer to prove that the land is unproductive or to increase media attention, but to gain ownership rights to the land. The *medida provisória* no. 2,183-56, passed by Cardoso in 2001, states that land occupied before INCRA's productivity assessment is ineligible for appropriation. While MST leaders won't acknowledge it publicly, this single legal measure "undermine[s] the very essence of the social movement's power of mass mobilization" (Caldeira, 2008: 142). The same *medida provisória* criminalizes occupation, and those who have already won land risk having their land confiscated. Legal hurdles are the paramount obstruction to the appropriation of land. Fair compensation must be offered to landowners, and the process of determining the value of the land can oftentimes drag on for years. Combined with landowners' ability to appeal, and the incentive to do so to receive interest on their compensation, it is often the case that the land INCRA appropriates was first occupied a half-decade before. To achieve their aims the MST must have a closer relationship with INCRA. This relationship has begun, as MST leaders will tell INCRA officials about unproductive land they plan to occupy so that INCRA can conduct a productivity assessment, but it must be strengthened if land appropriation is to accelerate.

The organizational structure of the MST is beginning to meet these new challenges. It has

become increasingly more professional and has incorporated new departments into the structure. There is a new legal affairs department dedicated solely to managing land appropriation cases and assessing when it is legal for occupations to commence (Caldeira, 2008: 142). The MST is accepting the limitations and opportunities that taking the fight to the courtroom provides.

This isn't the MST's only ideological shift. The lens through which the MST views land has changed in recent years. João Pedro Stedile, an important MST leader, states that he now views land as "a territory where we can have autonomy not only to produce, but also to reproduce our culture, our family, and as such, to construct our own values" (Garmany and Maia, 2008: 189). The land doesn't only serve the function as a space to grow crops, but as a space to live. In light of such an ideological shift, the quality of all of Brazil's land is important. The MST has become more involved in the fight against "agribusiness and the transnationals for the control of seeds, for the control of water, and for the control of biodiversity" because "it's important for autonomy, for the future of the movement, and for the future of *camponés* agriculture as such" (Garmany and Maia, 2008: 189). There is a synergy between the old fight against capitalist landowners and the new fight against agribusiness, as the former has evolved into the latter. It is important for the MST to fight against this threat with social action, because they won't receive support from the government. Lula has worked hard to promote and expand Brazil's exports, a large percentage of which is agriculture. Like the battle for land reform, the battle against the power of agribusiness is being fought by social actors with little help from politicians.

Lula's Gamble

Lula has disappointed millions with his action, or lack thereof, on agrarian reform. After

encouraging signs during the Cardoso administration that Brazil would finally come to grips with its exclusionary colonial legacy, Lula's focus on other problems has left the issue still bubbling beneath the surface. It is easy to see, however, why Lula made this decision. Taking on powerful elites head-on through land reform would have resulted in an ineffectual presidency at best, and ouster through coup d'état at worst. The long-term success of Lula's attempt to alleviate poverty through CCTs won't be known for years, but in the short-term it has assisted in his reelection efforts and dampened calls for reform. This strategy has resulted in positive gains for Lula, but is another in a long line of missed opportunities for the Brazilian people.

If land reform advocates want to be successful in the future, they must find ways of implementing reform without much support from the executive or legislative branches of the Brazilian government. Increasing the budget and ability of government agencies such as INCRA to identify, buy and redistribute land remains possible, but not likely. The future for the agrarian reform movement lies within the judicial system. There is currently a huge backlog of land reform cases in the Brazilian judiciary. If they can speed up the resolution of these old cases it will open room to bring about new cases. They also have the ability to win huge gains for the movement through judicial precedent. The MST recognizes this, and the professionalization of its organization is going down the right path. It may seem odd for an organization founded by landless peasants, but its future may well lie in the abilities of its lawyers.

¹ See Appendix: Graph 1: Families Resettled 1995 – 2008. Assessing the accuracy of Brazilian land resettlement figures is difficult. The government has an incentive to inflate the figures, while the MST has an incentive to deflate them. There is also the question of definitions. The government often includes land taken from Amazonian reserves as redistributed land, while other sources only count agricultural land redistributed. For almost all of my statistics I have chosen to use the DATAULTA database. Compiled by the research institute NERA and run by Bernardo Mancano Fernandes, it is a relatively impartial aggregator of land reform data.

² See Appendix: Graph 1: Families Resettled 1995 – 2008

³ The full text of the article reads:

“The social function [of land] is met when the rural property complies simultaneously with, according to the criteria and standards prescribed by law, the following requirements:

I - rational and adequate use;

II - adequate use of available natural resources and preservation of the environment;

III - compliance with the provisions that regulate labor relations;

IV - exploitation that favors the well-being of the owners and laborers.”

For more on how the Brazilian Constitution deals with rural property, see Articles 184-191

⁴ See Appendix: Map 1: Number of Occupations 1988 - 2008

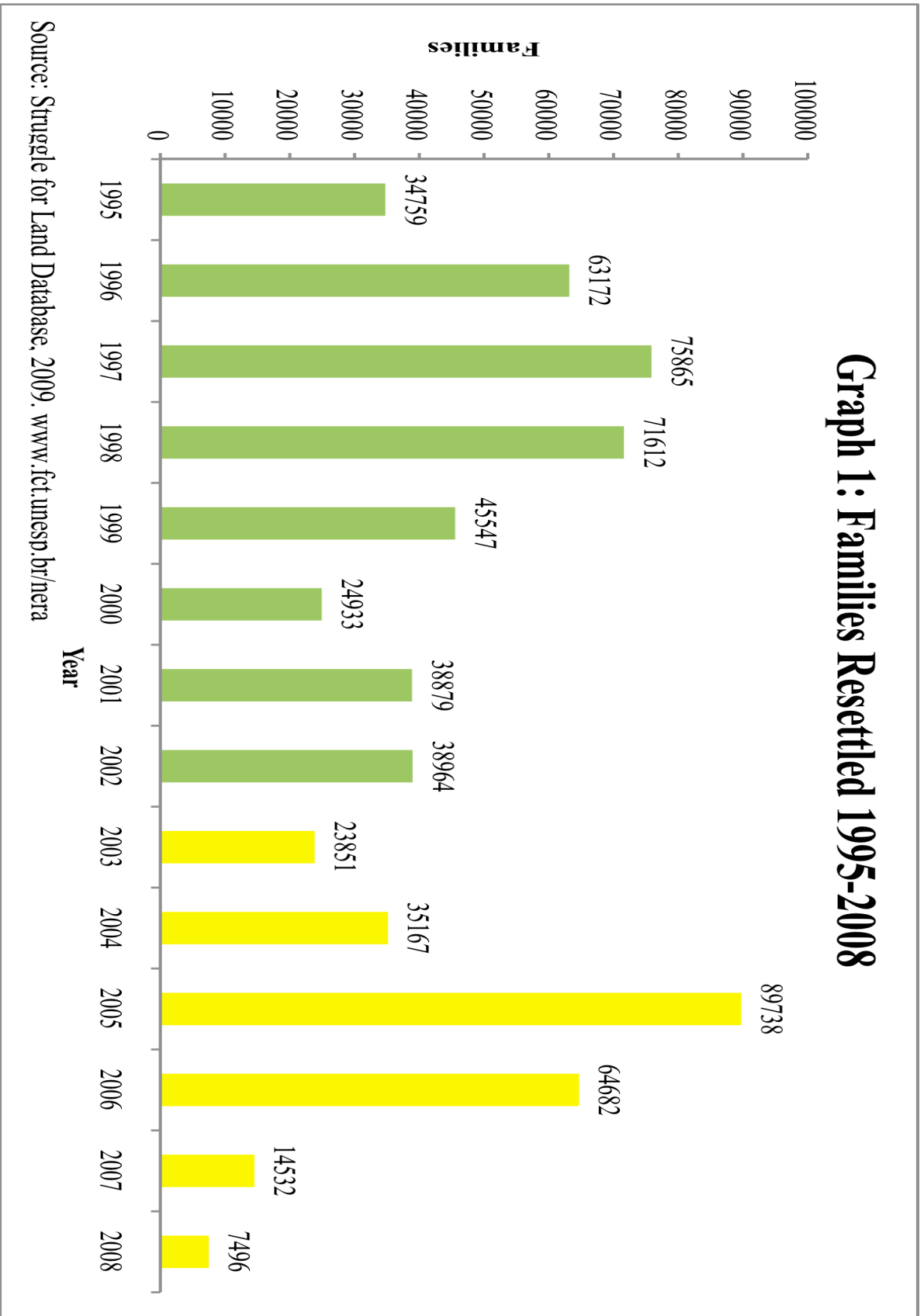
⁵ See Appendix: Graph 2: Occupations 1995 – 2008

⁶ See Appendix: Graph 2: Occupations 1995 – 2008

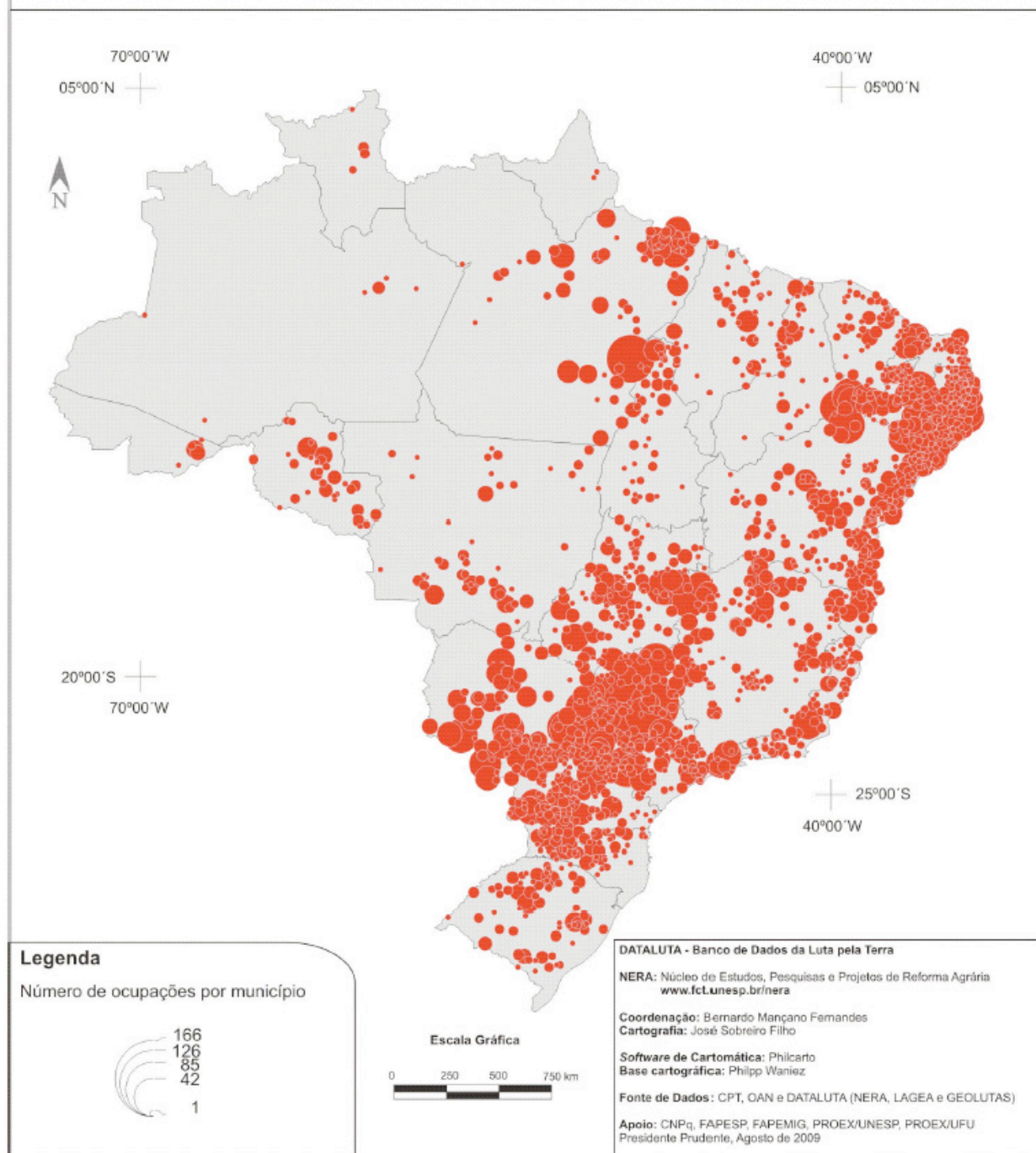
⁷ See Appendix: Table 1. Voting Intentions Close to Election: 2002 and 2006

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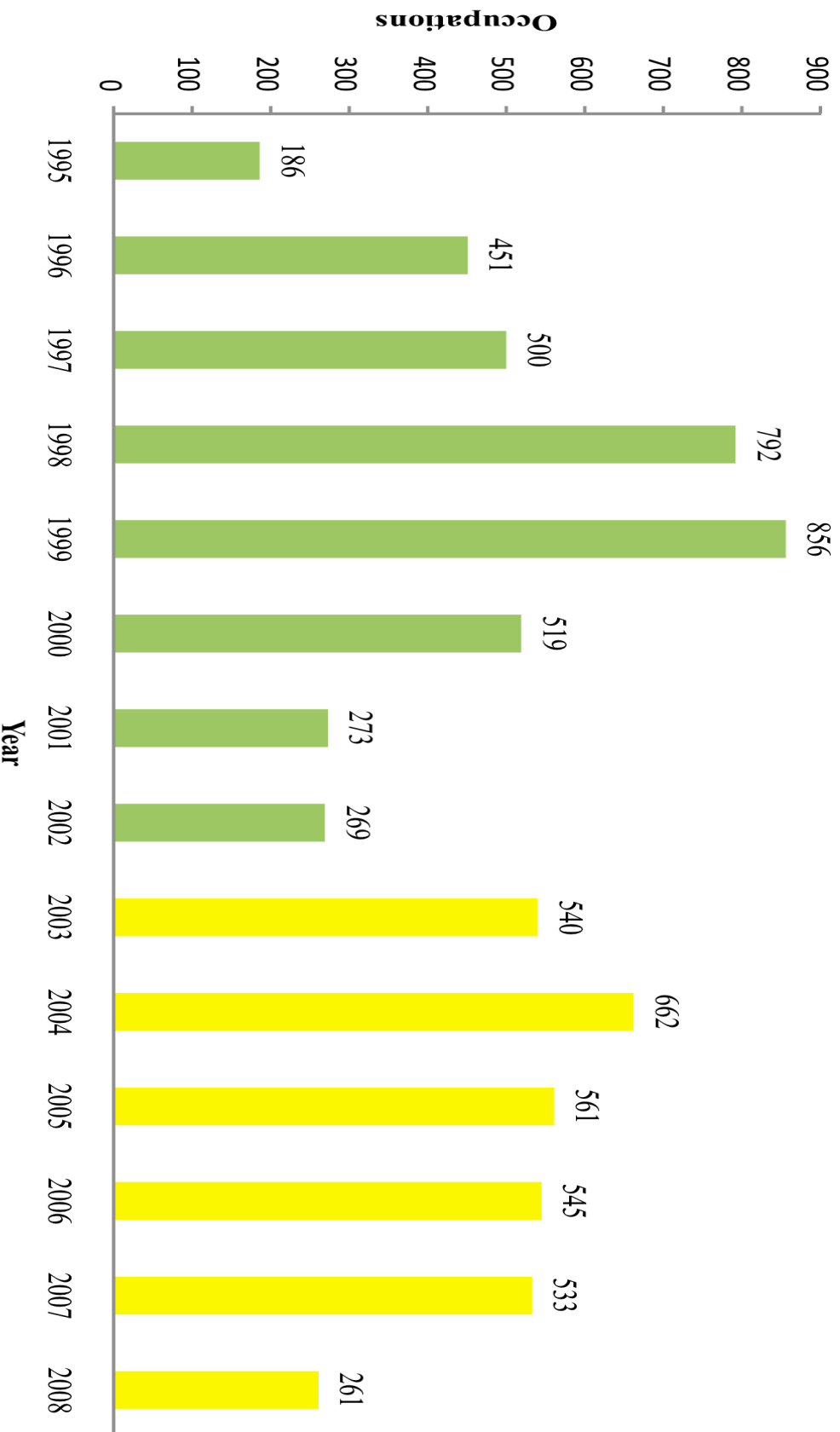
Appendix



Mapa 1 - Brasil - Geografia das Ocupações de Terras 1988-2008 Número de Ocupações



Graph 2: Occupations 1995 - 2008



Source: Struggle for Land Database, 2009. www.fct.unesp.br/nera

Table 1. Voting Intentions Close to Election: 2002 and 2006

	<u>2002</u>		<u>2006</u>		Difference in Lula Vote
	Lula	Serra	Lula	Alckmin	
Type of town:					
Metropolitan	47	14	39	26	-8
Interior	44	22	41	30	-3
Education:					
8 years or less	42	20	46	22	4
High School	47	17	38	32	-9
College or More	52	19	27	42	-25
Income (in Min. Wages)					
Below 5	45	20	43	25	-2
5-10	48	20	31	40	-17
Above 10	50	21	23	48	-27

Source: All data was taken from Zucco, C. 2008. “The President’s ‘New’ Constituency: Lula and the Pragmatic Vote in Brazil’s 2006 Presidential Elections” and modified for presentation here.

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