The World Bank’s ‘Market-Assisted’ Land Reform as a Political Issue: Evidence from Brazil (1997-2006)¹

João Márcio Mendes Pereira

The government model of land reform through land distribution is a vicious cycle: land is redistributed where there is a social conflict, and social conflicts put pressure on the government land redistribution programme [...]. As new alternatives start to take effect, the government may be able to reduce the emphasis on expropriations and consequently break the link between its land reform policy and rural conflicts (World Bank 2003a, 127).

‘Second generation’ structural reforms, land-use policies and market-assisted land reform

In the early 1990s as the world economy experienced a new wave of expansion, the advance of the neoliberal agenda seemed to have no boundaries. Ideologically, the end of the Cold War was praised by some as the ‘end of history’. In Latin America, the election of governments committed to the neoliberal agenda seemed to be enough to safeguard the interests of the new power block emerging from structural adjustment policies (Vilas 1997). New modalities of economic integration were experimented with, such as the North American Free Trade Agreement initiated in 1994, and, with the exception of Cuba, the countries in the region were, to a certain degree, aligned with the neoliberal platform (Edwards 1997). However, the unexpected Zapatista uprising in January 1994 as well as the financial crisis in Mexico in the same year jeopardized this process (Edwards 1997a, 2-3). As the social effects of the neoliberal policies emerged, social tensions gained visibility and the popularity of governments aligned to the ‘Washington Consensus’ began to plummet. From that moment on, the debate about the progress of ‘structural reforms’ intensified among policy-makers and multilateral financial institutions (Naim 1996). The World Bank, in particular, led the implementation of a ‘second generation’ of structural reforms, aiming to guarantee the institutional security of the new macroeconomic landscape created by the ‘first generation’ reforms, to correct eventual detours, and to deepen structural adjustment. In Latin America and the Caribbean (see Burki and Perry 1998 and 1997; World Bank 2002, 1997c and 1996), three strategic areas were prioritized.

The first strategic area was ‘state reform’, which included various measures: a) the isolation of state agencies from democratic pressures responsible for the implementation of economic policy; b) the undermining of the workers’ rights in the public sector; c) cutbacks in the public administration personnel through the adoption of new technologies and workflow in the private sector; d) acceleration of the administrative decentralization process; e) expansion of different public-private arrangements; and f) implementation of new regulations in order to enable the increased flow of short-term financial capital. The second strategic area consisted of
designing palliative policies to alleviate poverty in urban and rural areas by focusing on regions of extreme poverty, mainly in areas having high-level social tensions. The liberalization of labour, land and credit markets that had received little attention in the ‘first generation’ reforms constituted the third strategic area. The new policies were, ultimately, an attempt to consolidate the enormous process of wealth and power reconfiguration led by neoliberal policies (Vilas 2000 and 1997a) as a ‘permanent’ feature of contemporary societies (Edwards 1997, 386).

As part of this new strategy, the World Bank reformulated its agrarian model in order to align land policies to its macroeconomic, political and institutional agenda. The World Bank’s plan was based on two complementary policies (World Bank 2002 and 1997b). First, support for the commoditization of rural land access was aimed at increasing land productivity that favoured the free flow of the labour force in the countryside, attracting private capital to the rural economy and reinforcing the subordinate integration of portions of the peasantry into the financial-agro-industrial complex controlled by multinational corporations. Second, a set of ‘social’ programmes and projects in rural areas was created in order to alleviate poverty found mainly in rural areas having social and political instability such as in southern Mexico and northeastern Brazil.

The current agrarian model of the World Bank encompasses four main lines of action: incentives for land lease; incentives for land trading; privatization and individualization of property rights in collective and state farms; and privatization of public and communal lands (World Bank 2003b, 2002 and 1997b). In order to implement these lines of action, the World Bank proposed institutional and legal changes in order to accommodate the new standards for ‘land administration’, coordinated at the national level but managed in a decentralized manner through partnerships between public and private sectors (Pereira 2006a). Throughout the 1990s, the volume of loans authorized by the World Bank to support projects re-
lated to its agrarian model increased continuously. Latin America and the Caribbean received slightly over 30 per cent, which was the largest share (Suárez 2005).

Brazil, one of the countries that took more loans from the World Bank, was not left out of this process in that a series of programmes and projects to ‘alleviate’ rural poverty was implemented throughout the 1990s. The implementation of ‘market-assisted’ land reform (abbreviated as MALR) was politically the most visible initiative. Based on the willing-seller/willing-buyer concept, this model consisted of land trading between individuals financed by the state through subsidies (donations) for investments in socio-productive infrastructure and the hiring of technical assistance. According to this programme, the lower the loan to purchase the land, the higher the subsidies for investment, and vice-versa. Landowners were paid in cash at market prices, whereas landless peasants or peasants with insufficient land through community-based associations took on the costs of the transaction. In Brazil, however, a subsidy could also be given for land purchase. The loans were available for both communal associations and individuals.

MALR was conceived as a substitute for redistributive land reform – the former is based on land trading whereas the latter is based on the expropriation of rural properties that do not fulfil their ‘social function’. MALR was implemented in several countries, with slightly different structures according to ‘national’ specificities, and it triggered a new wave of land access policies worldwide. Colombia was the first country to undertake this programme in 1994, followed by South Africa, Brazil and Guatemala in the following three years (see Höllinger 1999, Lahiff 2006, Sauer 2003, Garoz et al. 2005). Honduras, Mexico, Malawi, El Salvador and the Philippines were associated with MALR a decade later (see Molina 2001, Bobrow-Strain 2004, Borras Jr 2004, World Bank 2004).

In order to legitimate MALR, the World Bank advocated against the so-called ‘state-led’ agrarian reform. In addition to that, the World Bank presented MALR as a new specific modality of redistributive agrarian reform, free from all its alleged defects from past experiences, and coherent with the imperatives of the ‘second generation’ structural reform (see Christiansen and van den Brink 1994, van Zyl, Kirsten and Binswanger 1995, Burki and Perry 1997, Deininger and Binswanger 1999). By undertaking this dual strategy, the World Bank recognized the need for an agrarian reform to address land concentration in areas of high social inequality, but denied the demand and progressive approach of state-based land redistribution. Hence, MALR was linked to the neoliberal context of the post-Cold War as the appropriate model for state action in southern countries marked by a severe agrarian problem and strong social tensions in the countryside. According to the World Bank, MALR would lead to an agrarian reform ‘less detrimental to the functioning of markets’ when compared to the ‘land expropriation model’ (Deininger and Binswanger 1999, 267). In other words, MALR has a negative construction, founded on the criticism and disqualification of another model of public action (Borras Jr 2004 and 2003, Pereira 2006, 2005, 2004).

Unlike the World Bank’s statements, there is no similarity between MALR and redistributive agrarian reform. History shows that agrarian reform is a process undertaken in a short period of time by the state to redistribute substantial amounts of large private properties to landless peasants or to peasants with insufficient land. The main goal of this process is to ensure a fair distribution of farming land across the rural population and to promote national development by changing the unbalanced economic and political power in the rural areas that shapes land concentra-
tion. The land redistribution policy is based on the expropriation of private lands that do not fulfil their ‘social purpose’ without indemnification to the landowner or with indemnification below market prices (Barraclough 2001, Borras Jr 2004).

As insistently endorsed by contemporary peasant movements worldwide (MST 1996, Via Campesina 2002, CNOC 2004, FIAN et al. 2001, FMRA 2004), in addition to changes in infrastructure, education, health and transportation, a new agrarian policy must protect and favour the peasants by providing subsidized credit, free technical assistance, support for the development of agro-industries and a guarantee of access to the market. Likewise, the agrarian reform debate must incorporate discussions on topics related to the growing tendency for privatization of natural resources such as food sovereignty, free access to seeds and agro-ecology, and the concentration, centralization and financing of intensive capital in the agricultural system.

It is important to note that the assumptions of MALR are different from those of redistributive agrarian reform. The former assumes that land is a mere production factor, a negotiable commodity. The latter acknowledges the multidimensional nature of the land (e.g., political, economical and cultural), and therefore its control and property rights are reflected by the power relationships between actors and social classes (Barraclough 2001, El-Ghonemy 2002 and 2001, Borras Jr 2004).

Neoliberalism and the rise of peasant struggles during the first Cardoso government (1995-1998)

The ‘agrarian reform’ agenda played a small role during the election campaign of 1994 in Brazil for several reasons. The pro-agrarian reform propositions were defeated when the National Plan for Agrarian Reform was elaborated in 1985, and after the Federal Constitution was promulgated in 1988. Following the presidential elections of 1989, there was a political upheaval in the social struggle after the defeat of Lula da Silva, the candidate for the Partido dos Trabalhadores (PT – Workers’ Party). Finally, the main focus was on controlling the inflation (Gomes da Silva 1996, Carvalho F. 2001).

Despite excessive land concentration in rural areas, the Cardoso government, inaugurated in 1995, paid little attention to the agrarian issue. The agrarian-related initiatives were mostly carried out under the ‘Solidarity Community’, a government aid programme. For the Partido da Social Democracia Brasileira (PSDB – Social Democratic Party of Brazil), which was the hegemonic party in the new government, ‘agrarian reform’ was limited solely to the establishment of rural settlements in areas of extreme poverty and/or severe social tensions (Carvalho F. 2001). For the new political coalition, ‘agrarian reform’ was not related to the long-standing demand for the democratization of agrarian structure or to the potential contribution of rural settlements in increasing agricultural production and strengthening the domestic market.

However, from 1996-7 the status of ‘agrarian reform’ in the national political agenda changed due to a series of events. The murder of rural workers in Corumbiara (State of Rondônia) in 1995 and in Eldorado dos Carajás (State of Pará) in 1996 had a major impact in Brazilian and international communities (Carvalho F. 2001, Medeiros 2002). The brutality of the massacre carried out by state police triggered protests abroad (mostly in Europe) against the violence and impunity in the countryside, and helped to legitimize the struggle for agrarian reform in Brazil.
Another important event was the boost in land occupations organized nationwide by the Movimento dos Trabalhadores Rurais Sem Terra (MST – Landless Peasants’ Movement) and by the trade unions and federations linked to the Confederação Nacional dos Trabalhadores na Agricultura (CONTAG – National Confederation of Workers in Agriculture) in some specific states (Fernandes 2005 and 2005a). This was a period of intensification in land occupations never before seen in Brazilian history.

In addition, the intensification in land occupations organized by the MST in the Pontal do Paranapanema (State of São Paulo) increased social tensions in the region and paramilitary violence by the large landowners (Navarro 1997). This conflict gained visibility mainly due to the long history of illegal appropriation of public lands in the region, and to the political and economical importance of agribusiness in the area. At the same time, the organization of a series of protests abroad, mainly during the president’s official visits (Carvalho F. 2001), helped to influence international public opinion and gain their support for the MST mission of implementing agrarian reform in Brazil.

Finally, the organization of the ‘National March for Agrarian Reform, Job and Justice’, led by the MST was extremely effective in calling media attention (Chaves 2000, Medeiros 2002). The national march was performed peacefully and ended three months later at the federal capital in April 1997, exactly one year after the massacre in Eldorado dos Carajás. Despite criticism from mainstream media and the federal government, who did not acknowledge the MST as a politically qualified entity, the struggle of the landless for agrarian reform became highly visible in mainstream newspapers and TV news during that period. The national march eventually incited popular dissatisfaction against neoliberal policies, and became the first massive popular protest against the Cardoso government. This event was a landmark in the history of the MST (Pereira 2005a, MST 1998), placing the movement in the national political scenario as an example of organization and engagement for left-wing organizations in Brazil and abroad. As a result, the MST became internationalized, and grew remarkably.

This series of events gave political and social visibility to the land concentration issue and, more importantly, to the landless peasants who were organized in land occupations and camps. The MST gained political importance in this process, becoming the main actor in the struggle for a broad and massive agrarian reform in Brazil.

The Ministério Extraordinário de Política Fundiária (MEPF – Extraordinary Ministry of Agrarian Policy) was created in 1996 in response to the broad repercussions of the Eldorado dos Carajás massacre. As the head the new cabinet Raul Jungmann explained: ‘The Ministry exists only due to the MST [...] My constituents were the nineteen dead in Eldorado dos Carajás. That is, those people who died there were the ones who put me in the Ministry’ [author’s interview].

Through the creation of the MEPF, the federal government attempted to resume its plan to tackle the social conflicts while neutralizing the political ascension of the MST at the same time. As described by Medeiros (1999, 42-4), a set of legal measures was created in June 1997 with two main objectives: to reduce the extremely high costs of land expropriation being paid by the state as a result of distorted agrarian legislation manipulated by the large landowners’ lobby in the legislative and judiciary branches,3 and, to accelerate the process of appropriating land that had been expropriated by the Instituto Nacional de Colonização e Reforma
Agrária (INCRA – National Institute for Agrarian Reform and Colonization). These measures, however, were limited and not enough to offset the palliative character of the governmental agrarian programmes.

Additionally, as emphasized by Medeiros and Leite (2004, 2-3), the federal government put forth a set of legal resources aimed at restricting all land occupations encouraged by the social movements: the INCRA assessment, a required procedure for the land expropriation process, was banned in occupied areas; all negotiations involving the occupation of public buildings were suspended; INCRA employees who nevertheless negotiated with the occupants were disciplined; and access to public resources for entities involved in land occupations was blocked. At the same time, the repression against rural workers intensified with the re-articulation of extreme rightwing agrarian groups (and its armed counterparts), the use of the federal police to monitor and suppress the actions of rural workers, and the use of violence, such as night assaults in occupied lands and torture by State police. The federal government approved of and publicly encouraged these repressive actions. In September 1997, for example, the Ministry of Justice declared to the press that police forces and the landowners had to work together for the eviction of MST members from occupied farms (Carvalho F. 2001, 206).

The major newspapers and TV networks throughout the country supported the actions of the federal government. A strong ideological campaign gradually developed a positive image of the Cardoso government on ‘agrarian reform’ and, at the same time, a negative image of the social movements. Meanwhile, opinion polls conducted in the major cities revealed growing popular support for the MST and land occupations (Carvalho F. 2001, 205).

Another measure by the MEPF was to link the agrarian reform policies to the broader process of state reform, through institutional and administrative decentralization (MEPF 1997). This decentralization indicated an effective de-federalization and delegation of the responsibility from INCRA over the implementation of the agrarian reform programme. In that way, state governments played key roles in the whole process, such as defining the basic directives of agrarian reform policy at the state level and the instructions for the process of expropriation and land acquisition (Medeiros 2002, 67-8).

This top-down decentralization policy collided with the platform of the social movements and trade unions, which, historically, have championed the federalization of agrarian reform. Moreover, combined with other measures, decentralization changed the power relationships between political agents, as it allowed for the incorporation of trade unions and excluded the MST from the policy-making process (Medeiros and Leite 2004, 3). Finally, another measure by the MEPF was the introduction of MALR in Brazil, discussed below in more detail.

The introduction of market-assisted land reform and the alliance among peasant organizations (1997-1999)

Right from the start of the Cardoso government, the World Bank recommended the implementation of palliative policies to alleviate rural poverty in order to minimize the effects of macroeconomic adjustment. As described by Van Zyl et al. (1995, 2), ‘The introduction of the new currency programme – the Plano Real – in July 1994 has achieved some degree of macroeconomic stabilization [...]. However, [...] the impact on the rural poor is likely to be severe and safety net actions need to be
taken rapidly’. This recommendation is quite clear in the World Bank document (1995, 1): ‘[...] international experience shows that targeted programmes and policies for the socio-economic development of the poor remain an essential complement to the adjustment process’. For the World Bank, the main strategy to tackle rural poverty was through the dynamization of the land market (World Bank 1995a, xiii).

The first MALR-oriented project was called São José (or ‘Solidarity Land Reform’). It was a very small pilot project initiated in February 1997 in the State of Ceará as part of the previous programme Rural Poverty Alleviation Project (RPAP), and one of a series of World Bank-financed projects in that region. Conceived as compensatory action for the structural adjustment policies (World Bank, 1995), the RPAP was originally incorporated into the programme ‘Solidarity Community’ in 1995 in order to sponsor social and productive infrastructure projects. In Ceará, however, a financing programme to purchase land was introduced into the RPAP, which became the São José project. In 1996, a state fund of R$ 4 million created by the Ceará government was complemented with R$ 6 million from a World Bank loan. The aim of this fund was to provide loans to 800 families to purchase 40 thousand hectares throughout 1997.

This experiment led to the World Bank proposal of Projeto Cédula da Terra (PCT – Land Reform and Poverty Alleviation Pilot Project) presented to the Brazilian government. The loan from the World Bank to create the PCT was approved in April 1997 to finance the purchase of lands for 15 thousand families in the five states of Pernambuco, Ceará, Maranhão, Bahia and Minas Gerais over four years.

In addition to the alleviation of socially regressive effects of the structural adjustment, MALR was implemented in Brazil in order to introduce a market mechanism that could compete with the MST for the support of landless rural workers, and thus reduce the political pressure caused by land occupations and the political ascension of the MST. According to this conception (World Bank 2003a, 127), the introduction of MALR-oriented programmes could disrupt the link between occupations and expropriations and thereby weaken the political capacity of the MST.

Both the World Bank and the Brazilian government expected that the PCT would achieve positive results more quickly in the north-eastern region where there was a high demand for land, and a long-standing and functioning structure of the World Bank (World Bank 1997, 3). In this way, MALR could keep the expropriations to a minimum (World Bank 2003a, 127). The PCT was expected to rapidly gain legitimacy and, in turn, be broadly implemented in the country (World Bank 1998, 125). The ultimate goal of the programme was to assist one million families in less than six years (World Bank 1997a, 7).

Similar to other countries (van Zyl, Kirsten and Binswanger 1995), the pro-MALR discourse was based on two main arguments: the ‘historical opportunity’ for the mercantile path was viable due to the reduction of land prices during the first years of the monetary stabilization plan initiated in 1994, and to the disqualification of the ‘expropriation model’ of agrarian reform.

The first argument was based on a generalization of an experience empirically verified in only in a few sites and used as ‘proof’ of a significant loss of property and economic power by the group of large landowners. According to minister Raul Jungmann, the reduction of inflation broke the ‘backbone of the latifundium’ and led to a fall in land speculation. Following this line of argument, the economic situation of the country forced large landowners (or at least a significant part) to
make a substantial amount of land available for sale, which could be bought through MALR-oriented programmes, or to accept agreed-upon expropriations offers (Buainain et al. 2000, 165). But in practice, most of the lands marketed through the PCT were owned by middle-sized owners affected by the structural adjustment policies or, in some cases, by the market crisis related to specific crops (Buainain et al. 1999, 31 and 118; Buainain et al. 2003, 105). Many of the large landowners involved in expropriation processes often appealed to the Federal Judiciary in order to obtain indemnifications above market prices (ABRA 2001). Furthermore, landowners’ organizations managed to continuously transfer significant portions of their members’ increasing debts over to the National Treasury (Cordeiro et al. 2003). This process burdened the public treasury and favoured the maintenance of the domain over rural land by large landowners and enterprise groups.

Arguing in favour of MALR, the ‘traditional model’ of agrarian reform had deteriorated and led to bankruptcy due to paternalism, authoritarianism, bureaucracy, centralized structure, disagreements, economic inefficiency and sluggishness, inadequate approach to the agrarian component, and incapacity to respond to the land market signals (Teófilo 2003, Buainain et al. 2000). With disregard to power relations responsible for the deterioration of governmental institutions and legislation related to agrarian reform, the World Bank simply repeated the same discourse used to legitimate MALR in other countries. Based on such a discourse, the World Bank (1997a, 5) refused financial support to any measure related to the enhancement of the so-called ‘traditional model’ of agrarian reform.

Instead, the advocates of MALR strangely claimed that their proposal complemented the ‘traditional model’. However, the rationale of MALR was not only incompatible with the ‘traditional model’, but also placed it in a marginal position. As explained by Groppo (2000), the World Bank’s argument has a major flaw. If it is questionable to generalize with regard to other societies, how is it possible to claim the failure of the ‘traditional model’ of agrarian reform in Brazil if it had never been implemented on a large scale?

The PCT was immediately rejected by the MST and CONTAG. These organizations identified the new model as part of the change in position by the State regarding social problems, and as a policy incapable of promoting the democratization of the agrarian structure at the national level. In public hearings organized by the Comissão de Assuntos Econômicos do Senado (Senate’s Commission on Economic Affairs), Gilmar Mauro clearly explained the position to be adopted by the MST:

This kind of project does not surprise me, because, through the years, we’ve seen a series of initiatives, all peripheral [...]. Settling 15 thousand people in a universe of 4.8 million landless families [does not generate] [...] any social impact. In our understanding, the Cédula da Terra is another [project], among so many others, to confuse the population and not to solve the [agrarian] problem in essence [...]. We will fight against this kind of project (Federal Senate, 4 September 1997).

On the same occasion, Francisco Urbano, then president of CONTAG, harshly criticized both the ‘agrarian reform’ policy and the Cédula da Terra, despite his position in the national board of the political party PSDB:

What’s being done in Brazil [today] is misleading [...]. Agrarian reform involves a political decision of intervention in the agrarian structure [...] through
which power and wealth are distributed and a new landmark [...] of national development is achieved. What’s being done today is putting out fires on one side, and on the other, a small piece of land is expropriated here due to occupation, another there because a farmer has offered [it to the government]. Nothing changes in the agrarian structure (Federal Senate, 4 September 1997).

Urbano criticized the Cédula da Terra, like Gilmar Mauro did, but with an important difference: he announced that the trade union federations linked to CONTAG were discussing their strategy to participate in the PCT, and how the project should be adjusted in order to achieve the demands of CONTAG. In other words, while the MST opposed the PCT as a concept, the CONTAG directed its criticism to the form in which the project was conceived and was being implemented. Nevertheless, both organizations acted together against the PCT as a result of the Fórum Nacional pela Reforma Agrária e Justiça no Campo (National Forum for Agrarian Reform and Justice in the Countryside). Created in 1995 to foment discussion among popular forces in rural areas, the Forum brought together more than thirty different organizations in 1997, including CONTAG and MST as the main actors (Medeiros 2002).

Despite the Forum’s opposition, the PCT was implemented and quickly drew members. During the first two years (December 1997 to December 1999), 6,798 families were registered in five states (Buainain et al. 1999, 56). The government used this figure as undisputable evidence of the programme’s efficiency and how well it was received by the landless peasants. There were three other factors, however, that were also responsible for this response. First, the project was implemented during a severe period of drought, which had a direct impact on the high demand to convert land access into an immediate means for survival (Buainain et al. 1999, 27). Second, there was dual political pressure to accelerate the PCT implementation (Buainain et al. 1999, 272). On the one hand, the state governments had a political interest in the rural workers’ votes for the 1998 elections, and on the other, the federal government and the World Bank had an interest in quickly legitimizing MALR as a new and viable ‘agrarian reform’ model, in order to scale it up to the whole country (Buainain et al. 1999, 272). Third, the propaganda emphasized the viability of land access through land trade ‘free of conflicts’ to a vast and impoverished rural population in a context of lack of job opportunities and strong repression of land occupations (Buainain et al. 1999, 271). This dual process of repression on the one hand, and propaganda on the other, was evaluated by Gilmar Mauro as follows:

If you ask ‘who wants land’, obviously all the landless will raise their hands. Now if you ask ‘who wants to go to a land occupation’, in a context of police repression, the answer changes completely, because the workers watch us on television everyday being beaten by the police and being evicted from the camps. The rural worker analyses the conjuncture and thinks: ‘I want land, but not this way!’ Of course, he is not an idiot! [author’s interview].

Going against all social movements and trade union organizations, the federal government mobilized its parliamentary base in the National Congress (the House of Representatives and the Federal Senate) to approve the creation of the Land Fund, also called the Land Bank (Banco da Terra), in February 1998. This decision was made before evaluating the performance of the PCT, a requirement foreseen in
the loan agreement with the World Bank. The main goal of the Land Bank was to nationalize MALR as a preferential means of access to land by the landless peasants and poor family farmers.

The creation of the Land Bank was only possible due to the massive vote from the parliamentary representatives of the agribusiness and from the right-wing parties. The MALR went from being a mere pilot project, restricted to five states of the federation (as the PCT case), to a nationally-based fund ready to collect resources from national and foreign sources, with the ultimate goal of financing land trade for rural workers. Through this political mechanism, the voluntary transfer of land via market transaction in detriment of expropriation – the basic principle of MALR – and which had been an ‘extra article’ in the Brazilian agrarian policy, became integrated by a law approved by the absolute majority in the National Congress. As a result, the logic of MALR was internalized into the nation-state, and incorporated into the set of permanent legal instruments of agrarian policy. Undoubtedly, the creation of the Land Bank represented a significant change in the legal-administrative system by reinforcing the privileges of a specific group over rural land, which is the base for the ‘domination pact’ and the power coalitions that historically have formed and shaped the Brazilian state (Fiori 2001).

The pace and scale of this process were undoubtedly impressive. Between August 1996 and February 1998, Brazil experienced three initiatives to introduce public financing for the purchase of private land as an alternative to agrarian reform. This instrument was meant to alleviate the social tensions in the countryside and to rescue the political-ideological leadership of agrarian reform by the Cardoso government. Within eighteen months, the programme grew from the tiny São José programme in Ceará, followed by the PCT in five states of the federation and, soon after, to the Land Bank, with a potentially national scope. Except for the privatization process of public companies (Biondi 2000 and 1999) between 1994 and 2002, possibly no other governmental initiative was undertaken at such a fast pace and on such large scale in such a short period.

Following the strategy started in 1997, the Cardoso government used the media to publicize the alleged advantages of land access through market exchange. Always based on the concept of land access ‘free of conflicts’, the official propaganda aimed at attracting interest from landless peasants involved in land occupations and camps as well as the vast contingent of rural people who could potentially be recruited by the MST (Carvalho F. 2001). In that way, the government ‘rewarded’ those sectors that accepted the buying-selling programme and ignored the organized social struggles for land by thousands of families camped throughout the country.

After the re-election of Cardoso in 1998, two major initiatives in the sphere of agrarian policy were undertaken by the federal government, one in the first quarter of 1999 and the other in January 2000. The first initiative was the elaboration of guidelines for implementing agrarian policy (MEPF 1999 and 1999a) that codified and detailed the actions in a relatively disarticulated manner until then. The second initiative was the conversion of the MEPF into the Ministério do Desenvolvimento Agrário (MDA – Ministry of Agrarian Development), which provided an operational structure like any other cabinet at the same level. As a result, different agricultural credit lines to settlers participating in projects from agrarian reform and to other poor family farmers were unified in a single programme, PRONAF (Programa Nacional de Apoio à Agricultura Familiar). This unification helped the federal
government guarantee its pre-eminence over the definition of the nature, pace, extension and direction of ‘agrarian reform’, but intensified the dispute on the access to public resources between social movements and trade union entities which organize/represent distinct segments of poor peasants.

During the term of the second Cardoso government, social tensions in rural areas were tackled by six general policies:

- the top-down proposal for decentralization of the agrarian reform policy to states and municipalities;
- the outsourcing and privatization of a substantial part of public services and activities related to agrarian reform settlements, including technical assistance;
- the rushed implementation of private titling to settlers, in order to generate revenue from expropriated lands, thus reducing the responsibility of the state in providing agricultural credits and other public services;
- the reassertion of ‘agrarian reform’ as a palliative measure to alleviate rural poverty, with no intention of bringing about structural changes in the agricultural economy and distribution of landownership;
- the systematic suppression of land occupations and banning of the provision of public funds for activities promoted by or related to the MST, such as programmes for literacy, health and agro-industries;
- the implementation throughout the country of land trade by the Land Bank.

These guidelines underlined the agrarian policy subjected to fiscal adjustment since 1994 and reinforced by the loan agreement between the federal government and the IMF to cope with the financial crisis of 1998.

Even though the PCT had been in operation for less than a year and was only half way to the proposed target, and while the preliminary official evaluation was still in progress, the Brazilian government proclaimed at this time that it was a successful project that should be extended to the whole country (MEPF 1999 and 1999a). The World Bank staff responsible for the creation of MALR followed the same discourse (Deininger and Binswanger 1999, 268). In fact, the World Bank had supported the establishment of the Land Bank – against the position of the peasant social movements – by promising to provide a large sum of money (World Bank 2001, 341).

For the Forum, the creation of the Land Bank represented an abrupt switch from the agrarian reform policy to MALR. The significant reduction in the INCRA budget for expropriations confirmed this prospect (Vigna and Sauer 2001, 165-8). The rushed implementation of MALR, the continuous execution of neoliberal-oriented policies, and the suppression of popular movements compelled the social movements and rural trade unions to unite into a larger political entity, the Forum, in order to oppose the PCT and the Land Bank. In that context, criticism of MALR-based programmes became the concrete reference for the criticism of neoliberal policies in general.

The Forum operated on two main levels. At the national level, it aired its suspicions of overpricing and corruption in the purchase and sale of land through the PCT to federal prosecutors, and propagated its criticisms through an information campaign carried out in rural and urban areas. At the international level, the Forum in October 1998 requested an investigation of the World Bank by the Inspection Panel14 based on a set of arguments against the implementation of the PCT (Forum 1998 and 1998a, Wolff and Sauer 2001). The Forum’s strategy was to check the
legitimacy of the PCT in the international arena, innovatively using political mechanisms offered by the World Bank itself. At the same time, the Forum articulated a series of actions abroad in order to gain support from European governments regarding the Inspection Panel. As a result, the Inspection Panel sent representatives to Brazil in early 1999 to visit the PCT areas in the states of Bahia and Pernambuco. According to the Forum, however, the representatives decided that there were no flaws in the programme (Wolff and Sauer 2001).

It is important to note that the World Bank has always prioritized the PCT over other projects conducted in Brazil. In addition, the World Bank treated the PCT as a ‘model’ case from the earliest stages of its implementation, promoting the alleged advantages of the project to policy makers in various countries (World Bank 2000, 24). In May 1999 – over a year after the creation of the Land Bank and with an incomplete mid-term evaluation of the PCT – the Inspection Panel concluded that the claims from the Forum were inconsistent and cancelled the requested investigation. The Brazilian government immediately used this decision as alleged proof of the technical competence of the project and broad acceptance among the rural workers (MEPF 1999b). Furthermore, the World Bank argued that the entities of the Forum did not represent the PCT beneficiaries, and that their claims were too ‘philosophical’ (Wolff and Sauer 2001, 182; Medeiros, 2002).

In May 1999, the federal government finally released some documents to the Forum related to the implementation of the PCT. According to Wolff and Sauer (2001), these documents revealed numerous irregularities and corruptions, mainly with regard to the purchase of land liable to expropriation, overpriced land paid by PCT, poor quality of the purchased land, technical reports to assist the negotiations for property prices signed after the land purchase date or simply left blank, and the sale of various estates from one single owner. Based on this substantial documentation, the Forum requested a new investigation from the Inspection Panel in August 1999, which was declined again four months later. This time, however, the Inspection Panel alleged that the Forum did not fulfil the technical procedures to request a new investigation. One of the requirements, for example, was to exhaust all the ‘venues for dialogue’ with the Brazilian government before moving to a new investigation (Inspection Panel 1999).

The clashes with the Inspection Panel had several important consequences. For example, the PCT managers were forced to decide that land liable to expropriation could not be purchased (World Bank 2003, 11). For the PCT managers, however, such prevention could be an obstacle to the development of the project and, in practice, ‘exceptions’ could be accepted (Teófilo and Garcia 2002). Another outcome from this process was the international visibility of the Forum movement as an important reference against the World Bank’s proposals for the countryside. In addition, several international meetings took place in order to exchange experiences, strengthening the political articulation among diverse social actors (social movements, non-governmental organizations, religious entities, peasants’ associations and cooperatives, etc.) and unifying the discourse and practice against the World Bank’s actions (see Via Campesina 2002, FIAN et al. 2001). Finally, the two-year embargo on the new loan planned by the World Bank to finance the Land Bank in Brazil was another important outcome from the Forum’s action. The embargo on the World Bank loan created an impasse for the MALR programme, as its implementation on a large scale did not find enough political support from a national representative organization of the rural workers.
Until 1999, only three social actors had supported MALR implementation: the large landowners, the Land Force (Força da Terra – the agrarian arm of a right-wing labour union confederation called Força Sindical, which was represented by only one state, São Paulo, and which had limited influence among landless peasants), and the labour unions and union federations of peasants from the southern states – especially Rio Grande do Sul whose mission was never to fight for agrarian reform but for agricultural policies more favourable to poor family farmers. Two major national organizations of peasants, CONTAG and the MST, were now united in the Forum against MALR. This political unity detracted from the legitimacy of the nationalization of MALR-oriented programmes. This resistance put a check on the progression of a programme publicized by the World Bank as an international success.

The political split among peasant organizations, and MALR’s advance under the second Cardoso government (1999-2002)

The political deadlock came to an end when CONTAG’s leaders decided to negotiate a new programme called Crédito Fundiário de Combate à Pobreza Rural (Land-Based Poverty Alleviation Project I) with the World Bank and the Cardoso government. This programme was similar to the previous projects; however a few other adjustments were incorporated. As a result, a new loan from the World Bank to support the Land Bank, though not initially approved by the Board of Directors, was finally released. This new loan was targeted to the CFCP and not to the Land Bank.

Several factors influenced CONTAG’s new decision. In the first place, the criticisms by CONTAG toward the PCT, which partially extended to the Land Bank later on, were mainly related to the way the agrarian policy was carried out, rather than to the ‘pro-market’ approach. In fact, since the launch of the PCT, the World Bank had striven for collaboration with CONTAG, even though the claims from the Confederation were ignored: namely that the PCT should complement the agrarian reform rather than compete with it; that the PCT should target regions with significant amounts of very small properties or no properties liable to expropriation; and that the PCT should be a ‘participatory’ project, i.e., conceived, executed and evaluated alongside with trade unions, trade union federations and CONTAG. Despite its support for the two requests to the Inspection Panel, CONTAG had never refused to discuss possible adjustments of the PCT with the World Bank. From August 1999, some directors of the Confederation were in contact with the World Bank for this purpose (World Bank 2000, 24).

Secondly, CONTAG for years demanded ‘agrarian credit’ for landless peasants, for the children of smallholders who lacked access to land for their own families, or for special cases where land was needed but no property was liable to expropriation under the current legal criteria. This meant that only areas not liable to expropriation could be purchased, as part of the goal of complementing agrarian reform.

Thirdly, several strategic changes took place in rural trade unionism from the late 1980s to the mid-90s. In regard to CONTAG, the most relevant change was that claims from rural workers did not occupy the centre of its political agenda. During the early 1990s, CONTAG’s strategy had been directed to the implementation of agricultural policies favourable to poor family farmers such as access to credit and technical assistance (Favareto 2001, Medeiros 2001), whereas support
for agrarian reform was only secondary. In a way, a social and institutional ‘division of labour’ had taken place: the MST focused on the fight for agrarian reform, while CONTAG focused on the smallholders’ issues.

Fourthly, as Navarro points out (1998, 5), it is important to consider the existence of a ‘trade union culture’ developed throughout almost three decades of negotiation and participation in rural development projects in the northeast region, largely financed by the World Bank. It is true that the relationship between trade unions and the state or the World Bank was always conflictive (Soares 2001, Leroy and Soares 1998, Garrison 2000). However, the ‘trade union tradition’ as suggested by Navarro gained strength in 1998 with the election of a new board of directors in CONTAG, predominantly composed of members originally from the northeast.

Fifthly, CONTAG also suffered from the criminalization of popular struggles in the countryside and, above all, repeated reductions in the MDA budget. Therefore, for CONTAG, the opportunity to negotiate directly with the World Bank opened a new path for dialogue and negotiation with the Brazilian government. In this way, the claims brought up by the social base of CONTAG could be acknowledged. This set of factors led CONTAG to suppose that the claim for a complementary ‘agrarian credit’ line could be contemplated with a new financing programme from the World Bank. Eugênio Peixoto, the advisor for foreign affairs in the entity and one of the main negotiators with the World Bank and the Brazilian government, states clearly the prevailing discourse inside the confederation:

CONTAG is not a religious movement, nor a political organization; it’s a trade union. And trade unions must have proposals for organization as a whole. And there is a segment from CONTAG’s base that always fought for agrarian credit. [...] So, whenever there is an opportunity to negotiate a proposal that is interesting for the organization, it is the trade union’s obligation to negotiate. [...] Simply put, that’s the pragmatic mission of any trade union [author’s interview].

Although the statement from Eugênio Peixoto may suggest that the decision to negotiate the creation of the CFCP went smoothly within CONTAG, the internal opposition still had to be convinced. CONTAG associated the PCT with the Land Bank and, more broadly, to MALR, but distinguished the CFCP from these projects as the only programme of ‘agrarian credit’ that added to agrarian reform. According to this position, the CFCP was founded due to the political demand from CONTAG rather than to MALR. Nevertheless, there is empirical evidence showing the strict connection between the CFCP and the model created and spread by the World Bank to several countries.

The World Bank recognized CFCP as the successor of previous projects such as São José and the PCT with similar structures (World Bank 2000, 2). On the other hand, by considering the Land Bank as a successor of the PCT, the World Bank clearly acknowledged the continuity between the three previous programmes and the new CFCP. The World Bank planned to rapidly expand the CFCP to 14 states, even though the PCT was still under evaluation and was scheduled to be completed only in June 2001. In other words, the same expansionist approach of MALR took place with no accountability for regional differences such as the large number of small properties, or land properties not liable to expropriation.

Similar to the PCT case, the World Bank (2000, 4-8) attempted to legitimize the CFCP by criticizing the ‘land expropriation model’. The CFCP was financially supported by the World Bank, the same institution that was trying to implement
MALR in Brazil at a fast pace, against the position of all national peasant’ organizations, including CONTAG.

Finally, the CFCP was created under the Cardoso government, the same government that had condemned land occupations and had tried to replace agrarian reform with MALR – during the intense political-ideological dispute with the social movements over the nature, approach, extent, pace, and instruments for agrarian reform.

In sum, the participation of CONTAG allowed the World Bank to continue the implementation of MALR-inspired programmes in Brazil. From that point on, the World Bank used CONTAG’s name to legitimize MALR in Brazil and other countries. Playing as a politically neutral actor, the World Bank used a technically oriented discourse to disqualify the criticisms directed at MALR-related projects. An extreme example of this position can be illustrated by the comment from a World Bank staff member during the Executive Bank Directors Board meeting on 30 November 2000. When asked if the loan for a project (the CFCP in this case) accepted by only one civil organization should be approved, he replied: ‘[...] some of the negative commentary about [the CFCP] at the national level had to do with the political agendas of some organizations and was unrelated to the project itself’ (World Bank 2000a, §161).

After a long negotiation process, the World Bank finally accepted the inclusion of two regulations in the CFCP: the prohibition of the purchase of expropriation-liable areas (allowing for ‘exceptions’) and the introduction of mechanisms for participation and social control by the rural workers’ trade unions, trade union federations and CONTAG.

The Land Bank became effectively active at the end of 1999. The CFCP, negotiated in November 2000, was approved in 2001 and started to operate in 2002. As a result, from 2001 to 2002, two similar programmes coexisted – the Land Bank and the CFCP. However, the Land Bank was not only a programme but also a fund created by the National Congress to draw financial resources from different sources. The Land Bank was, therefore, the counterpart from the Brazilian government in the loan programme for the implementation of the CFCP.

CONTAG supported the CFCP despite opposition from all other organizations in the Forum. The Land Bank, on the other hand, was backed by the right-wing sector from the government interested in its expansion, and was rejected by the Forum’s entities, including CONTAG. This complex situation led to a political dispute inside the Cardoso government over the execution of both programmes throughout the years 2001-2002, which was favourable to the Land Bank and unfavourable to the CFCP (see table below).

The creation of the CFCP had an immediate political impact on the correlation of forces between the Forum and the federal government. The common goal of unifying rural trade unions, rural social movements and NGOs composing the Forum came to an end. The political divergence around this question was so great that, after some internal clashes, the entity members decided to withdraw this topic from their agenda in order to preserve the Forum as an important space for political forces to meet each other. Later on, the Forum’s entities were able to develop joint-action pro-agrarian reform; nevertheless, tensions relative to this topic remain latent even today.
The performance of MALR-oriented projects implemented by the Cardoso government

<table>
<thead>
<tr>
<th>Projeto Cédula da Terra (PCT)</th>
<th>Land Bank/Land Fund</th>
<th>Land-Based Poverty Alleviation Project I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed reach</td>
<td>5 states</td>
<td>14 states</td>
</tr>
<tr>
<td>Achieved reach</td>
<td>The same</td>
<td>7 states (in 2002)</td>
</tr>
<tr>
<td>Proposed execution schedule</td>
<td>May 1997 - June 2001</td>
<td>From July 2001 - September 2004</td>
</tr>
<tr>
<td>Effective execution schedule</td>
<td>July 1997 - December 2002</td>
<td>Started end 1999</td>
</tr>
<tr>
<td>Institutional nature</td>
<td>Pilot-project created from a loan agreement between the federal government and the World Bank</td>
<td>Land Fund created in February 1998 by the National Congress</td>
</tr>
<tr>
<td>Proposed budget</td>
<td>US$ 150 million</td>
<td>Open</td>
</tr>
<tr>
<td>Executed budget</td>
<td>US$ 121.3 million</td>
<td>R$ 636,567,464</td>
</tr>
<tr>
<td>Beneficiaries’ goal (no. of families)</td>
<td>15 thousand</td>
<td>Open</td>
</tr>
<tr>
<td>Financed families</td>
<td>15,267</td>
<td>29,715</td>
</tr>
</tbody>
</table>

Sources: World Bank (2003), CFCP (2002) and information obtained from the National Technical Unity for the Agrarian Credit National Programme in May 2004.

Although it weakened the Forum politically, the creation of the CFCP did not brighten up the counter-offensive of the Cardoso government against peasants’ movements, especially the MST. Two measures adopted by the federal government in 2001 contributed to this. The first measure was an unusual campaign of ‘agrarian reform by mail’. Using a massive media campaign, the federal government promised to make land accessible to all landless peasants who registered themselves in post offices throughout the country. The campaign explicitly disqualified land occupations in order to undermine the social mobilization capacity of the MST. In only few months, the number of registration reached 839,715 people (Sampaio et al. 2003, 28), showing not only the social appeal of such a campaign but also the undisputable evidence of an enormous and urgent demand for land. The second measure, in February 2001, was the incorporation in the Land Bank Trustee Board of the CNA (Confederação Nacional da Agricultura) and the Força
Sindical as ‘representatives from civil society and the beneficiaries’ – the main agribusiness entity and the right-wing trade union, respectively.

The continuity of market-assisted land reform under the first Lula government (2003-2006)

The Brazilian experience with MALR-oriented projects and programmes during the Cardoso government lasted five years (1997-2002) and was one of the most appealing at the international level. In no other country had so much money been provided by the World Bank for supporting governmental programmes to finance land market to so many rural workers, poor family farmers and landless peasants (Pereira 2006). With follow-up programmes under the Lula government, the number of registered families is expected to be the largest in the world.

The PCT, concluded in December 2002, was a fully executed project under the Cardoso government. In contrast, the Land Bank/Land Fund is a permanent financing instrument for land purchase. The regulations and financing conditions may be adjusted, but the instrument will remain as a funding system, unless the National Congress decides by majority vote for its termination. And that is unlikely, since the Land Bank/Land Fund is supported by the large landowners as shown by the political coalition in the National Congress to approve its creation in 1998. It is not by chance that an important document prepared by the Brazilian rural right-wing reiterated the demand for adjustment and expansion of the Land Bank in the country, allowing for ‘the acquisition of lands through negotiation, avoiding rural conflicts, arbitrariness and violence’ (Lupion 2005, 357). According to this approach this instrument ‘will bring the opportunity to live a true agrarian reform’.

The Lula government strengthened the Land Bank/Land Fund as a long-term instrument by adjusting some rules for its operation and financing conditions. However, as part of a marketing strategy, the federal government announced the end of the special credit line for the purchase of rural land known as the Land Bank and its replacement by a new programme called Consolidação da Agricultura Familiar (CAF – Consolidation of Family-Based Agriculture). Just as in the previous government, CAF has a nationally-based financing source, and no funds from the World Bank. However, this situation may be temporary. Since the end of 2003, the Ministry of Agrarian Development has been in discussion with state governments to implement CAF in as many states as possible. The name of the programme has been modified, the number of items liable to be financed was increased, and the financing conditions were reformulated, but the logic of CAF remains the same as that of the Land Bank. In practice, the most significant change was the programme name.

The CFCP will effectively be executed by the Lula government under the name Alívio da Pobreza Rural (Rural Poverty Alleviation) although this project was created during the Cardoso government. The conclusion of the current stage has been postponed to 2006, and two other stages have been approved by the World Bank’s Board of Directors. If effectively implemented, this project will be concluded in 2012 and will finance the purchase of land to around 250 thousand families during this period. In order to accomplish the three stages, the Brazilian government will have a total loan of US$ 1 billion from the World Bank, and, as a national counterpart, will provide the same amount through the Land Fund.

The Programa Nacional de Crédito Fundiário (PNCF – National Programme of Agrarian Credit) was created in November 2003. The PNCF was responsible for
the CFCP and the Land Fund administration as well as for a new agrarian credit line for young peasants between 18 to 24 years old, especially those who are the children of poor peasants from southern Brazil. The PNCF alone aims at financing land purchase for 130 thousand families by 2006, whereas the agrarian reform programme as a whole expects to settle 400 thousand families over this period. In other words, the PNCF corresponds to slightly more than 30 per cent of the agrarian reform programme.

Although the federal government claims that the PNCF is complementary to the agrarian reform programme, the expected target and the resources of the PNCF reveal a different picture. According to Sampaio et al. (2003, 46), 338,191 families were settled through land expropriation over the eight years of the Cardoso government (between 1995 and 2002). In contrast, although approximately 48,700 families were supported by one of the four MALR-oriented programmes (São José, PCT, Land Bank and CFCP), only 14.4 per cent of the total number of settled families benefited from the expropriation instrument. Since MALR-oriented programmes were virtually inactive between 1995-1997, a comparison including the period after 1998 reveals a different figure. However, the percentage in relation to the number of expropriations does not reach the 30 per cent established by the Lula government. In sum, in terms of financed families, the PNCF goals of the Lula government for four years are higher than all that was done by the Cardoso government with four MALR-oriented programmes.

According to the negotiated terms with the Treasury Cabinet, the Land Fund should operate as a long-term instrument. Until 2010, the Fund should receive approximately R$330 million annually from the National Treasury. By 2012, the Land Fund should be able to return part of the allocated resources from the state, as the Fund is expected to be capitalized by the application of resources in the financial markets and payment of land parcels by the beneficiaries.

The redesigning of the Land Fund by the current Lula government represents an attempt to consolidate a change in the state apparatus, initiated by the previous government, in order to provide a self-sustaining public financing instrument for land purchase by private agents, potentially throughout the whole country. Although the Lula government is continuing some of the fundamental aspects of the Cardoso government agrarian policy, the current political context in the countryside has lead to a few important discontinuities.

The peasant social movements are no longer solely being treated as a ‘police affair’ by the federal government. In comparison with the previous two years, it is equally possible that this tendency may have been influenced by a significant increase in the number of murders of trade unionists, religious agents, rural workers and MST militants during 2003-4, carried out on the orders of large landowners and local dominant groups (CPT 2005). It is important to emphasize that the geography of violence towards rural workers has changed in the last decade. In the midwestern region, where there is a rapid expansion of commodities for export, the highest indices of murder, arrests, and violent expulsions have been registered (Sampaio et al, 2003).

No national organization, including those representing large landowners, agribusiness and peasants, has identified an intention of the Lula government to implement MALR on a large scale to the detriment of agrarian reform. Despite the ambitious goals and the extent of the PNCF – although not as fast as some support-
ers would like – this is the evaluation from a whole set of significant rural organizations in the country.

Finally, MALR-oriented programmes are now supported by national trade union organizations (for example, CONTAG and FETRAF-Sul – Federação dos Trabalhadores na Agricultura Familiar da Região Sul). This fact has been politically relevant because it shows that the main trade union organizations representing rural workers support the continuity of programmes to finance land purchase for poor farmers. In addition, the current participation of trade unions in the government administration as well as their social control of the programmes inside the PNCF may lead to different outcomes when compared to MALR during the Cardoso government, which lacked transparency, popular participation and peasants’ autonomy (Victor and Sauer 2002, Pereira 2004). The resistance to MALR by the MST has been weakened due to participation from trade unions as well as increasing the need to focus on a broader mobilization against the continuity of the ‘neoliberal economic model’ and, more specifically, the agricultural and agrarian policies promoted by the Lula government. In the current socioeconomic and political conjuncture, according to the view of MST, opposition to the implementation of MALR-related programmes would erode MST’s political relationship to other important rural organizations and would not change the correlation of forces in Brazilian society towards more democratic and redistributive policies.

It is still too early to evaluate the results from MALR-related programmes in progress. The disappointing performance of the agrarian reform programme of the Lula government, however, is certainly an important political variable in the evaluation of this issue. A second variable to be considered is related to the PNCF results, which is far below the target set by the federal government and the World Bank – 9,186 families in 2004 compared to the initial goal of 37 thousand families (Escolese 2005). Similar results have been reached in 2005, although the published figures are imprecise. It is reasonable to hypothesize that the low performance of this programme is due to the combination of a few factors: the continuous cutbacks in the budget of the Ministry of Agrarian Development due to rigorous fiscal adjustment related to the payment of foreign and domestic debts; the lack of promptness in the implementation of a more multi-institutional programme that involves the federal government, state governments, the World Bank and trade unions; and an increase in rural land prices since 1999-2000 in several regions covered by the programme (Delgado 2004). Despite the general context of slow budget execution, if the PNCF advances relatively faster than the national agrarian reform programme, political tensions between both programmes will be likely to intensify.

In any case, social conflicts surrounding land appropriation and land use remains intense in all countries where programmes and projects related to MALR have been implemented (see Lahiff 2006, Suhner 2005, Garoz et al. 2005). The Brazilian case, considered as the most successful example by the World Band, is symbolic – the Projeto Cédula da Terra and the legacy of other related programmes have not been able to stop land occupations during the Lula government, revealing the high demand for land that had been repressed during the second Cardoso government, as well as the low performance of the Lula government to solve this problem. According to official estimates, by October 2002, 60 thousand families had camped on lands occupied by the social movements by the time Lula was elected. Exactly one year later, 171,288 families were camping all over the country (Sampaio et al. 2003, 33). Toward the end of May 2006 (the last year of Lula’s
government), a document from the *Ouvidoria Agrária Nacional* (linked to the MDA) registered the existence of 230,813 families in campsites, amounting approximately to one million people (Escolese 2006). These families represented the ‘emergency demand’ for land. However, many specialists claim that the potential demand for agrarian reform in Brazil is much higher. Based on different censuses and official studies, Sampaio et al. (2003) estimated the number of families with insufficient land access to be between 3.3 million families in extreme poverty conditions – at less than US$ 1.00 per capita per day – and 6.1 million families.

**Recent positions of the World Bank regarding market-assisted land reform**

The World Bank (2003b) has recently adopted a more flexible discourse regarding the suitability of MALR in highly unequal societies marked by severe agrarian problems, due mainly to the failure of such programmes in South Africa, Guatemala and Colombia (see Mondragón 2003, Suhner 2005, Lahiff 2006, Tilley 2002, Garoz et al. 2005, Borras 2003a). The *World Development Report* dedicated to the theme ‘Fighting Poverty’ admits that the initial expectations attributed to MALR have not been achieved (World Bank 2001a, 97-8). De Ferranti et al. (2005, 183) argue that MALR-oriented programmes have been implemented in Brazil, Guatemala and Colombia to tackle social conflicts, whereas the goals of reducing rural poverty and increasing agricultural productivity have been overlooked.

Although MALR has suffered from political erosion at the international level, the World Bank still seems to rely on this model. For example, the World Bank promised a loan of more than US$ 100 million in 2005 to the Mexican government to implement the *Fondo de Tierras y Joven Emprendedor Rural*, a programme similar to the ‘agrarian credit’ line created by the Lula government in 2003 for the grown children of poor family farmers. Similarly, the World Bank also authorized a grant of US$ 27 million to the Malawi government in 2004 for financing the purchase of land for fifteen thousand families. It is important to note that these initiatives represent a revision of internal procedures. Previously, only building or improving socio-productive infrastructures could be financed directly by the World Bank.

The World Bank is continuing with the same ‘semantic slide’ that characterized the formulation of MALR. The main goal of this strategy is clear: to moderate and broaden the definition of agrarian reform so that even the financing programmes for land trade between private agents – the political centre of the proposal of MALR – could be considered as ‘modalities’ or ‘instruments’ of redistributive agrarian reform (World Bank 2003b, 154). In other words, the attempt to redefine the significance and meaning of agrarian reform in the contemporary world is in direct dispute with the world vision and the political platform of the peasant social movements, especially those assembled inside the Via Campesina (see Demarais 2002, Borras 2004a, Via Campesina 2002).

The outcome from the Brazilian experience will possibly play a key role in the future of MALR as a viable proposition to countries marked by a high concentration of land ownership and great social tensions in the countryside. However, it is still early to claim that MALR-oriented programmes will be fully executed in Brazil, giving birth to a new and more politically stable set of agrarian policies with mixed character (land expropriation and land trade).
Final remarks

The conflict around MALR implementation reveals a new stage of the political struggle in the Brazilian countryside. This new stage is characterized by internationalization in the forms of articulation and action of the main social agents in rural areas related to the ‘work realm’ as well as to agrarian-related policies. During its eight years in office, the Cardoso government was not able to accomplish an agrarian reform policy. The government programme was limited to the creation of rural settlements – in 1996 and from 1998-9 – to alleviate social tensions in the countryside as a response to pressures exerted by social movements, particularly the MST.

The conflicts around the implementation of MALR-oriented programmes condensed the main political-ideological contradictions between the Cardoso government and the social organizations under the National Forum for Agrarian Reform and Justice in the Countryside over the period 1997-2000.

According to the World Bank, the implementation of MALR-oriented programmes in Brazil should accomplish two objectives: to promote the palliative alleviation of rural poverty aggravated by the structural adjustment policies recognized by the World Bank itself; and to introduce the land trade mechanism as a preferential means of land access by landless peasants and/or peasants with insufficient land to replace the land expropriation model for agrarian reform purposes. For the Brazilian government, in addition to the preceding objectives, it was essential to break the link between land occupations (mostly organized by the MST) and land expropriation. And the MALR was the main instrument chosen for this purpose.

The implementation of MALR in Brazil occurred in a much broader context of criminalization of land occupations and moral disqualification of the peasant social movements, especially the MST. The federal government and the mainstream media worked together in this process.

The admission of landless peasants to the *Projeto Cédula da Terra* (PCT) must be analysed within a socio-economic and political context, characterized by a set of circumstances, namely severe drought leading to agricultural losses, lack of work opportunities, rural population impoverishment, massive propaganda mainly articulated by local politicians and state agents, lack of an effective agrarian reform policy, and repression of land occupations that were gaining social legitimacy. On the other hand, such participation reveals the undeniable appeal of the negotiated and mercantile access to land – at least in certain social and political contexts – among significant parts of Brazilian landless peasants.

The creation of the Land Bank internalized the basic principle of MALR – the voluntary land trade between private agents – in the toolbox of agrarian policies in Brazil, enabling relatively consistent financial and institutional conditions to other experiences oriented by a similar model.

The pace of implementation of MALR in Brazil was extraordinarily fast – the main initiatives took place between April 1997 and February 1998. The scope of the process was equally unusual – from a small-scale project in the State of Ceará to the creation of the Land Bank by the National Congress. The entire process took place without any consistent evaluation of its performance by the World Bank or by the Brazilian government.

From the beginning, the World Bank was especially interested in the nationalization of MALR and, therefore, committed to financing the Land Bank even during
the pilot stage of the Projeto Cédula da Terra. Due to the promise of funds and the massive political support from the World Bank, the Brazilian government worked towards the creation of the Land Bank, despite opposition from all national and rural trade union organizations and peasant movements.

The set of political actions initiated by the National Forum for Agrarian Reform and Justice in the countryside was decisive in blocking the World Bank loan crucial to the financing of the Land Bank for almost two years.

The lack of political support from trade unions and national social movements for MALR implementation in Brazil was overcome by the creation of the CFPC, with support from CONTAG. For CONTAG, the CFPC represented an opportunity to accomplish a long-standing demand from that organization, even though it had formerly appeared to be secondary in their political agenda. According to the discourse of CONTAG, the PCT and the Land Bank were linked to MALR, whereas the CFPC was a response to CONTAG’s demand for an agrarian credit line to complement agrarian reform.

The creation of the CFPC through a three-way negotiation among CONTAG, the World Bank and the federal government led to a political division between the affiliated entities in the Forum that, in turn, weakened the struggle against MALR-oriented programmes.

The CFPC suffered from resistance by right-wing sectors inside the Cardoso government who were interested in expanding the Land Bank at the expense of other existing programmes. The dispute between the Land Bank and the CFPC was favourable to the former and unfavourable to the latter. Although both programmes were supported by different political forces and had specific roles in the process, they followed the central principles of MALR. The dynamics of the political struggle – rather than changes in directives and assumptions – forced the World Bank to support the CFPC instead of the Land Bank.

The Lula government gave continuity to MALR-oriented programmes, incorporating CONTAG’s demands for agrarian credit in the National Plan for Agrarian Reform (Plano Nacional de Reforma Agrária). According to the goals of the PNRA, the number of beneficiaries is supposed to exceed the number of families financed by MALR-oriented programmes developed by the Cardoso government. The conditions to achieve this goal, however, are far from ideal, especially due to the annual cuts in the MDA’s budget, and to rising land prices in many regions since 1999.

* * *

João Márcio Mendes Pereira is a historian and doctoral candidate at the Department of History at the Universidade Federal Fluminense, Brazil. His research activities have focused on the World Bank’s proposals and actions in the countryside, especially in the Latin American and Caribbean regions. Together with Sergio Sauer, he was editor of the book Capturando a terra: Banco Mundial, políticas fundiárias neoliberais e reforma agrária de mercado (2006), which discusses the implementation of neoliberal land policies in several countries, as well as market-assisted land reform. <joao_marcio1917@yahoo.com.br>
Notes

1. Translated from Portuguese by Clayton M. Cunha Filho. Revision: Fabrizio Rigout and Juan Reardon.
2. In this text I treat ‘land reform’ and ‘agrarian reform’ as synonyms.
3. One of the most accented distortions in the Brazilian legislation and the judges’ practice towards agrarian reform consists of the charging of compensatory interests over the indemnification conceded to the owner whose property has been expropriated. Its basis is the concept of *lucro cessante*, or the reposition of the gains that the owner, theoretically, ceased to receive due to the expropriative act. The problem is that the expropriation for agrarian reform can only be made with properties that do not fulfil their ‘social function’, defined by the Federal Constitution of 1988 as the simultaneous fulfilment of three criteria: productive usage of the land, respect of labour rights and preservation of the environment. If the reason for expropriation is precisely the breaking of the law, why should the owners be indemnified for *lucro cessante*?
4. INCRA is the institution responsible for the conduction of the agrarian reform policy.
5. At that time, one dollar was equal to one real.
6. According to the testimony from Edson Teófilo, manager of the *Programa Cédula da Terra*.
7. In 1999, 68.7 per cent of the country’s rural poverty was concentrated in that region (Rocha 2003, 89).
9. It is enough, for example, to compare the justification for the loan agreements of the World Bank concerning Brazil and Guatemala (see World Bank 1998a, 1998b and 1997a).
10. A mid-term evaluation is planned for all projects financed by the World Bank. An evaluation is carried out by ‘independent’ consultants, halfway through the project’s execution schedule. The evaluation of the PCT was coordinated by Antonio M. Buainain, professor at the Faculty of Economics of the University of Campinas. Although he has no formal links with the World Bank, Buainain has always written academic articles in favour of the *Projeto Cédula da Terra*.
11. There is no ‘agrarian party’ in Brazil. The peasant movements and the rural trade unions usually debate in Congress with many centre-left congressmen. As for the parliamentary representation of agribusiness and large landowners, this group articulates with congressmen from many centre-right parties, but in a much larger number and in a more cohesive and consistent fashion (Vigna 2003 and 2001).
12. ‘Potentially’, because the implementation of the Land Bank depended on the participation of state governments. Some states did not accept it such as *Rio Grande do Sul*, at the time governed by the PT with strong support from the MST. However, to everyone’s surprise, the city governments decided to participate, due to pressure from rural owner entities and, above all, from trade unions of rural workers linked to CONTAG, which represented a relatively less poor section of the peasantry compared to the north-eastern region.
13. According to the interviews of Gilberto Portes, executive-secretary of the Forum and former member of the National Coordination Committee of MST, and of Sérgio Sauer, agrarian and agricultural policy advisor of the senator Heloísa Helena (PSOL – *Partido Socialismo e Liberdade*).
14. The Inspection Panel was created in 1994 to provide an ‘independent’ forum for the social agents who felt directly or indirectly harmed by the implementation of World Bank-financed projects. The complaints being made must demonstrate the negative effects coming from the violation of the rules and procedures from the World Bank on the elaboration, execution and evaluation of financed projects. The scope of the complaints were restricted, therefore, they had to verify whether the World Bank’s actions complied with their own rules and procedures. The Inspection Panel was created as a response to the criticism coming especially from the environmentalist and human rights defence groups (Fox, 2002). The PCT case was the first linked to a ‘poverty relief’ and MALR-linked project (Inspection Panel, 2003).
15. When the Brazilian government did not release the information about the PCT implementation, the Forum contacted two parliamentarians (a federal congressman and a senator) of the PT that signed an official information request to the MEPF on 2 March 1999. Two months later, a great amount of documentation was given to the parliamentarians and immediately handed on to the Forum. These
documents were not presented to the Inspection Panel, nor were they considered in the World Bank response (Forum 1999).

16. In an interview with the author, Antonio Werna de Salvo, president of CNA (Confederação Nacional da Agricultura), and João de Almeida Sampaio, president of the SRB (Sociedade Rural Brasileira) – the two main rural owner organizations in Brazil – claimed that in Brazilian society there is no ‘agrarian question’ or a social problem of structural order, but a residual demand for land, artificially inflated by the MST. For both, the ‘land expropriation’ model is not only anachronistic but also ineffective and should be substituted for ‘agrarian credit’ programmes. Furthermore, both believe that only those with money to buy land at market prices and with a ‘vocation’ for agricultural production should remain in the countryside. This kind of discourse is repeated continuously in the national press by agribusiness ‘organic intellectuals’. Recently, this vision was reiterated by one of the main representatives of large landowners in Congress (Lupion 2005). For contrasting views, see MST (1996), Sampaio et al. (2003), Alentejano (2003), and Mattei (2005).

17. Mainly linked to CONTAG and in some cases to the Family Agriculture Workers’ Federation from the Southern Region (Federação dos Trabalhadores Rurais na Agricultura Familiar da Região Sul).

18. According to the president of CONTAG at that moment, Francisco Urbano’s testimony to the Federal Senate’s Commission on Economic Affairs on 4 September 1997.

19. According to the testimony from Manoel dos Santos, president of CONTAG since 1998.

20. According to the testimonies from Maria da Graça Amorim, director of CONTAG, and Sérgio Sauer.

21. ‘The government has two tracks on land reform, the older INCRA program and the most recent Banco da Terra, a market-assisted land reform. The Banco da Terra was created after the experience of the Cédula da Terra program’ (World Bank, 2003a, 120).

22. According to the testimonies from Manoel dos Santos and Eugênio Peixoto.

23. This campaign created a political problem due to the increased visibility of the ‘demand’ for land. The solution for this problem depended, among other factors, on the ability of the government to carry out proper agrarian reform, which was not the case. The national leaders of MST decided to denounce the campaign as an attack on the popular struggle for agrarian reform. However, according to the declaration from Gilmar Mauro, the MST tried to ‘organize the demand’ in some states (for example, São Paulo) by carrying out debates with poor peasants about the political conjuncture and by encouraging their participation in the campaign. If similar actions had been carried out in other states by the MST, the number of participants would certainly have been higher.

24. The PNCF is the main programme under the responsibility of the Secretaria de Reordenamento Agrário (Secretary of Agrarian Reordering) of the MDA, headed by Eugenio Peixoto, who was appointed by CONTAG.

25. This is according to the testimonies from Gilmar Mauro and João Paulo Rodrigues (MST), Manoel dos Santos and Maria Graça Amorim (CONTAG), Ernesto Werna de Salvo (president of CNA) and João de Almeida Sampaio (president of SRB).

**Interviews conducted by the author**

Raul Jungmann – former agrarian development minister during the Cardoso government (27 November 2003).

Antônio Ernesto Werna de Salvo – president of the National Confederation of Agriculture (Confederação Nacional da Agricultura, CNA) (12 December 2003).

João de Almeida Sampaio – president of the Brazilian Rural Society (Sociedade Rural Brasileira, SRB) (11 November 2003).

Manoel José dos Santos – president of CONTAG (Confederação Nacional dos Trabalhadores na Agricultura) (1 December 2003).


Gilmar Mauro – member of the MST’s National Coordination Committee (13 November 2003).

João Paulo Rodrigues – member of the MST’s National Coordination Committee (30 November 2003).

Edson Teófilo – Cédula da Terra manager and current director of the National Technical Unit of Agrarian Credit (Unidade Técnica Nacional do Programa Nacional de Crédito Fundiário) (28 November 2003).
Eugênio Peixoto – former CONTAG advisor of foreign affairs and current National Secretary of Agrarian Reordering (Secretário Nacional de Reordenamento Agrário) (20 and 28 November 2003).
Gilberto Portes – executive-secretary of the National Forum for Agrarian Reform and Justice in the Countryside (Fórum Nacional pela Reforma Agrária e Justiça no Campo), former member of the MST’s National Coordination Committee (Coordenação Nacional do MST) (11 November 2003).
Sérgio Sauer – advisor for agrarian and agricultural policy to senator Heloísa Helena (PSOL) (29 November 2003).

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