THE ROLE OF THE STATE IN LAND REFORM PROCESSES: THE CASE OF BRAZIL

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Abstract: The purpose of my dissertation is to study land reform processes in Latin America and characterise the case of Brazil, for this reason I am going to expound a general vision of the process and the role of Governments during the 20th century according to the point of view of International Organizations like The World Bank or The Inter-American Development Bank. In addition the objective of my research is explaining in general terms and only with a theoretical analysis land reform processes and, for this reason, I would like to show the best norms in order to put in practise this kind of policy according to the difficult situation of the starting point. Finally the instance of Brazil will be undertaken to demonstrate the main implications of social movements in order to make land reform processes.

Keywords: equitable enforcement, family farming, food security, landless, latifundia, land reform, property rights, settlement, sustainable development.

INTRODUCTION

In order to study land reform in Latin America and characterise the case of Brazil I am going to provide a general view of the process by highlighting the following points.

First of all I would like to give a brief definition of Land problem. Secondly I will explain the role of the State in this process, in other words, political trends and the level of intervention in agrarian reform framework.

As I said before, the third point of my dissertation will show a particular case of putting in practise the land reform issue, for this reason I will give a short explanation of the Brazilian sample.

Finally, I would like to summarize all the ideas said at this point with the aim of giving a piece of advice about the development and the right pattern of behaviour in agrarian reform arena.

1. DEFINITION OF LAND PROBLEM

The starting point of agrarian reform is the land problem, which means the lack of opportunities in rural areas. In the case of Brazil we can see an irregular system of property, fraud and forging with ownership documents. In the Latin American instance the problem seems to be the lack of dynamism in the rural sector. Anyway, difficulties appear regarding to the land tenancy system, I mean, the concentration of resources in large properties called latifundia; the fact of a land demand dissatisfied, and a wide sector of rural producers without legal property rights called the landless.

2. THE ROLE OF THE STATE

The first point which must be distinguished taking into account the role of the State in land reform processes is the distinction between liberal and socialist reform.

On the one hand, Liberal Reform which means that the nature of its capitalist system does not change and the transformation does not affect the whole society. On the other hand we can talk about Socialist Reform when the relationship between types of good ownership and production system experiments important changes in the whole nation.

2.1. The change in the role of the State: three waves

Once we have established this difference, we can point out the change in the role of the State
The Role of the State in Land Reform Processes

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over the 20th century. Until the 80’s, it was based on the main factor which was available, in other words, the land; Then, we are talking about the Classic programmes of Land Reform which main point was redistribution of the land.

During the 80’s, we witnessed how the market system was the solution of a more free access to land: opening and adjustment programmes. Most of the countries did not take into account the complex institutional net that they needed in order to reach the correct operation of this system. But the worse part was that a lot of land reforms were made without the simultaneous changes in social and political institutions.

Finally, in the 90’s, it was decided to take into account the lacks of the last period, I mean, the importance of institutional concept and the crucial role of law and its equitable application: equitable enforcement2. This is the new wave of land reform which is decentralized, market-friendly and involves civil society action or consensus is sometimes feasible and consistent with just and durable property rights3.

2. 2. The importance of Property Rights

According to the evolution of land reform concept during the 20th century and taking into account the 90’s definition of the land problem, we must define the importance of property rights4. Firstly, the main function of the State is to provide the public goods related to land administration and to ensure the legal and institutional framework in order to define property rights.

For this reason, we need a clear definition of property rights: it is fundamental in order to analyse land reform processes and the role of the State. We usually apply the same definition we use for developed countries instead of adapting it to each context, in other words, exclusive, transferable and enforceable.

In addition, we must combine liberalisation and institutional design: two concepts which are complementary. Therefore, institutional design is the previous condition to the functioning of the market.

Summarizing, we can state that the challenge of the State in land issues is to guarantee property rights as public goods5.

2. 3. The ideas of The International Organizations

After providing definitions for the land problem and property rights, I would like to provide a summary of the points of view of International Organizations on this topic.

A) Development Inter-American Bank: levels of action of the State

Firstly, I am going to talk about the ideas of The Development Inter-American Bank. This International organization has established the following levels of action of the State:

- To complete the legal framework in order to establish the rules of the game: functioning of the market.
- To enforce an independent and efficient legal power: to stop corruption.
- To make available technical information about land: land office6.
- To modernize and structure civil servants in charge of land administration: training programs.
- To provide urgently more educational programmes and assistance in arenas where only the State could act. (Training of professionals)


The World Bank expounds the double strategy of State Reform:

- To adapt the function of the State to its own capability.
- The State capability can be increased through the revitalization of government bodies: training programmes for professionals, to stop corruption, to increase wages of civil servants and to promote more decentralization and participation in government decisions.

In general terms, we can see that they are following the concept of land reform in the 90’s.

3. THE CASE OF BRAZIL

3. 1. Why Brazil?

First of all, Brazil is an interesting case of study because it combines land liberalization policies, changes in land reform and the strong role of social movements7.
On the one hand during the 19th century there was appropriation and illegal registration of lands because of fraud and forging with ownership documents.

On the other hand, Brazil has 500 millions of hectares of suitable land for farm exploitation which are distributed in 5 millions of rural properties: more than 3.000 properties with 93 millions of hectares have an irregular system of tenancy.

### 3. 2. The evolution of Land Reform Process

The liberalization of land policies in Brazil started in 1984 and intensified even more at the end of the 80’s, when the end of subsidies and the amount of credit available to peasants fell notably, as we can see in table1.

#### Table 1. Distribution of Funding among Different Types of Rural Producers – 1987/1995

<table>
<thead>
<tr>
<th>Years</th>
<th>Small</th>
<th>Medium</th>
<th>Big</th>
<th>Cooperatives</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>21</td>
<td>24</td>
<td>42</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>1988</td>
<td>19</td>
<td>24</td>
<td>40</td>
<td>14</td>
<td>3</td>
</tr>
<tr>
<td>1989</td>
<td>17</td>
<td>23</td>
<td>49</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>1990</td>
<td>27</td>
<td>19</td>
<td>34</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>1991</td>
<td>32</td>
<td>23</td>
<td>31</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>1992</td>
<td>19</td>
<td>33</td>
<td>24</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>1993</td>
<td>19</td>
<td>38</td>
<td>20</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>1994</td>
<td>15</td>
<td>55</td>
<td>4</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>1995</td>
<td>29</td>
<td>46</td>
<td>1</td>
<td>8</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: IBGE, Anuario Estadistico do Brasil.

I am mainly interested in these three columns: small and medium have increased their participation in contrast to big producers who have decreased their participation.

After this change in agricultural policies, small and medium farmers not only did not leave production but also they asked for more credit, while large farmers left the sector or increasingly relied on their own resources. Then it seems to be developed a Positive interests Policy: “Green Saving” which is the capital made by the land savers.

#### Table 2. Sources of the Funding for Rural Producers -1990/1995. (Percentage)

<table>
<thead>
<tr>
<th>Year</th>
<th>Federal Government</th>
<th>Cash Deposits</th>
<th>Rural Savings</th>
<th>Free</th>
<th>Constitutional</th>
<th>State Government</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>26</td>
<td>27</td>
<td>20</td>
<td>20</td>
<td>4</td>
<td>0.1</td>
<td>1</td>
</tr>
<tr>
<td>1991</td>
<td>24</td>
<td>22</td>
<td>32</td>
<td>10</td>
<td>3</td>
<td>0.1</td>
<td>7</td>
</tr>
<tr>
<td>1992</td>
<td>23</td>
<td>19</td>
<td>45</td>
<td>7</td>
<td>3</td>
<td>0.1</td>
<td>3</td>
</tr>
<tr>
<td>1993</td>
<td>27</td>
<td>11</td>
<td>43</td>
<td>12</td>
<td>6</td>
<td>0.1</td>
<td>2</td>
</tr>
<tr>
<td>1994</td>
<td>27</td>
<td>12</td>
<td>35</td>
<td>16</td>
<td>5</td>
<td>0.3</td>
<td>5</td>
</tr>
<tr>
<td>1996</td>
<td>20</td>
<td>13</td>
<td>36</td>
<td>16</td>
<td>9</td>
<td>0.4</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: IBGE. Anuario Estadistico do Brasil.

Table 2 shows the sources of funding for rural producers between 1990 and1995. If we take into account the column of rural savings we will see the positive evolution and the increase of this “green saving”.

As regards farm production, it did not fall because of the increase of interest rates. This rise could be the result of increases in participation in rural credit of family farming.
Table 3. Index of Cultivation Developments – 1980/1996

<table>
<thead>
<tr>
<th>Years</th>
<th>Real Product</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>1981</td>
<td>112</td>
<td>98</td>
</tr>
<tr>
<td>1982</td>
<td>102</td>
<td>103</td>
</tr>
<tr>
<td>1983</td>
<td>107</td>
<td>91</td>
</tr>
<tr>
<td>1984</td>
<td>111</td>
<td>100</td>
</tr>
<tr>
<td>1985</td>
<td>130</td>
<td>104</td>
</tr>
<tr>
<td>1986</td>
<td>115</td>
<td>108</td>
</tr>
<tr>
<td>1987</td>
<td>137</td>
<td>108</td>
</tr>
<tr>
<td>1988</td>
<td>131</td>
<td>112</td>
</tr>
<tr>
<td>1989</td>
<td>138</td>
<td>111</td>
</tr>
<tr>
<td>1990</td>
<td>123</td>
<td>101</td>
</tr>
<tr>
<td>1991</td>
<td>124</td>
<td>101</td>
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<tr>
<td>1992</td>
<td>129</td>
<td>101</td>
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<tr>
<td>1993</td>
<td>127</td>
<td>93</td>
</tr>
<tr>
<td>1994</td>
<td>136</td>
<td>102</td>
</tr>
<tr>
<td>1995</td>
<td>135</td>
<td>101</td>
</tr>
<tr>
<td>1996</td>
<td>134</td>
<td>98</td>
</tr>
</tbody>
</table>

Source: Agro-analysis. FGV. 16.8 Cotton, peanut, potato, onion, bean, corn, soy, wheat.

Table 3 shows the index of cultivation developments between 1980 and 1996. Over these years, while real product was increasing, the area was decreasing.

Following with the evolution of land reform in Brazil, in the Nineties, we realised how the advance of neoliberal policies and its consequent structural unemployment boosted land invasion. Because of this, land fight intensified and unemployed urban workers joined the movement.

According to this graphic, land invasion between 1996 and 2001 have decreased notably, as we can see if we follow the yellow line.

Graph 1: Land Invasions - 1996/2001

In general terms, the violence in rural areas between 1986 and 2002, fell notably as we can see in this graphic.

Finally, we can explain the last points in the evolution of land reform process which are compensatory policies of the government: creating settlements where landless had occupied large states (latifundia). Since 1997 (World Bank’s agreements) Government started policies of purchase and sale of land which were called Cedula de la Tierra and Banco de la Tierra.  

### 3.3. Agrarian Reform Process

In this point, I will try to explain the agrarian reform process. The next diagram represents the main phases of the programme which are explained in the chart that we can see below. In the chart the settlement programme have been undertaken, according to each phase where we have a brief explanation of the matter.  

**Diagram 1. Main phases of the Agrarian Reform Process**

Source: Data INCRA, Agrarian Reform Balance 2002.
Diagram 2. Agrarian Reform Process

3. 4. Family Farming: The small property. The strengthening of family farming—PRONAF\(^{10}\).

The aim of PRONAF is the implementation of the family farming system. To support this objective, they defend the following points of view:

1. PRONAF believes that capital, land and labour are used for family farming in a more intensive way. They think that small property is more productive in economic, social and environmental terms than medium and large properties, and in accordance with the aims of Sustainable Development.

2. The definition of small property is different depending on the countries and agricultural and environmental conditions. In Brazil it may be around twenty hectares.

3. There are different studies about small properties and their high efficiency compared to medium and large holders: Ellis (1988), Netting (1993), and lastly Biswanger and collaborators (1993): “[...] Most of the studies regarding to productivity and the size of the property have shown that family farming has got bigger levels [...]”\(^{11}\).

4. Some FAO’s investigations have shown that large properties do not use the appropriate system which is required for the correct ecological use. As a conclusion, we can see the more ecological efficiency regarding to the use and conservation of natural resources.

3. 5. The importance of Associations and social Movements in Brazil’s agrarian reform process

In the last point of my dissertation I will try to explain the influence of social movements in land reform.

The framework will be that the market cannot solve problems that it has not created: large land concentration and exclusion of millions of peasants. Indeed, this is the result of 5 centuries of history and the effects of different land policies. Therefore, Society and State are responsible for the socioeconomic profile of their poor population.

From the point of view of the first Hirschmann’s diagram, economic development would be the
permanent interaction of the State, the Private sector and social pressure\textsuperscript{12}.

**Diagram 3. First Hirschmann’s diagram**

\[
\text{State: CFS} \quad \text{Market: ADP}
\]

\[
\text{Off Market Forces}\quad \text{Induced effects, social pressure}
\]

In addition, if we take into account the second diagram, we will understand the role of social movements in the agrarian reform process (Brazil: MST): On the one hand, the demand for the right agricultural policy and, on the other hand the land invasion. Social forces lead the State to invest: settlement. In addition, in these process deficiencies such as schools, infrastructures etc. were found and these mark the starting point of settlers who now own the land\textsuperscript{13}.

**Diagram 4. Second Hirschmann’s diagram**

Regarding to the role of the social movements, I would like to make a brief explanation about the MST in Brazil. MST was born in the 70’s in the south region due to rural fights.

They have the following aims:

- Access to land
- Agrarian Reform
- A fairly society
- The fight for food security

Indeed, the fact is that they have got very good results over the last 20 years\textsuperscript{14}.

**CONCLUSION: WHAT IS THE MEANING OF AGRARIAN REFORM NOWADAYS ACCORDING TO THE CASE-STUDY OF BRAZIL**

Finally, I would like to show some points of view according to the ideas of rural movements not only in Brazil, but also in Latin America. In other words, as a conclusion, I will attempt to tackle the problem of understanding the land reform process nowadays, taking into account the Latin American framework.

Firstly, we should know how to reach consistency between globalisation and land reform; I am talking about the effectiveness of land reform and take into account the landless\textsuperscript{15}.

Secondly, as we saw before, the strengthening of family farming might improve the farming
sector, indeed, it might have positive effects on the whole society and it can generate employment and help to redistribute land and resources. In addition the strengthening of family farming may be an employment and income generation factor, decreasing rural exodus to overpopulated cities. As a whole, we have to tackle the accordance with the concept of sustainable development.

Finally, by taking the idea of Food Security developed by Peter Rosset, Agrarian reform should be put in practise according to its main postulates. This means food security as the public sector obligation which has every country. For this reason, they should put in practice radical programmes of agrarian reform, taking into account regional conditions and they should allow peasants and indigenous people an equal access to the productive resources, mainly land, water and forest, and the same productive, financial and ability mediums and as a whole the strengthening of both their management and their power of decision ability.

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NOTES

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1 Few countries of the world have such a skewed land distribution pattern as in Brazil. The agricultural development favours the latifundium (large private agricultural estate operating with commercially exploited labour force). Only a small minority from the members of the land oligarchy who allied themselves to the industrial, financial and trade capital investments, have profited from this, while the majority of the population were driven out and excluded. During the last 25 years more than 30 million agricultural workers, men and women, have had to quit their land and a further 4.8 million farming families can only dream of having their own piece of land. One of the most shocking consequences of this injustice is hunger: of the 31.5 million people suffering from hunger in Brazil, half of them live in the countryside. Landless describes people who do not have any land for farming or who are prevented from owning the land that they farm by the economic system or by rich people who own a lot of land: landless labourers/peasants.

2 Equitable Enforcement: in order to the market emergence, the macroeconomic adjustment policies, the laws to allow the free transfer of land or the development of farm office programmes are not enough without the existence of the basic institutions. Most of land reforms which are being implemented nowadays in Latin America are following this concept. North (1991) defines institutions as “the game rules of the society, in other words, constraints created by human beings who give structure on the human integration. […] Organizations are the players: groups of individuals joined on the communal purpose in order to achieve their goals. These include political structures, economic organization, social organizations and educational services”.


4 Land and property rights reforms are receiving new and renewed attention as instruments to redress rural poverty by enhancing the land access and tenure security of poor households. The World Bank's draft policy research report on land, Land policy for growth and poverty reduction (World Bank, 2003) is perhaps the sharpest signal of the prominence of these reforms in contemporary policy debates and agenda. Several conceptual and empirical advances have motivated the search for what Stiglitz (1998) calls a "post-Washington Consensus" about economic development policies that explicitly redress poverty and inequality. As part of this search, land access and distribution have re-entered the debate. However, the land policy tools now under consideration are rather different from those utilized in an earlier land reform era. In contrast to direct state-mandated land redistribution, the World Bank's policy research report on land and contemporary land access policy is built around a primary and secondary set of policy instruments: a) Liberal land market fundamentals: The primary set of policy instruments is built around the idea that property rights reform that assigns legally secure, usually marketable land rights to individuals should enhance efficiency and the land access (via rentals or sales) and incomes of
the poor. B) Direct redistribution of landownership: A secondary set of instruments is built around the idea that constructive engagement with the land market (through market-assisted land reform or other mechanisms) is possible and may be necessary to overcome deep-seated inequality and improve land access.

5 Bentham, J., Theory of Legislation. We will see that it does not exist any thing which we could call “natural property” but the property is completely made by law. The property is just an expectation basis. The expectation of advantages regarding to something which supposedly we own, as a result of the relationship that we have with it. […] Nevertheless, this expectation is just created by law. […] Then, property and legislation rise together and die together, as well. A long time ago, before law elaboration, property did not exist; if we eliminate law, property does not exist”.

6 We have some examples on land office which shows the need of adapting the function of the Market to its own ability: in Bolivia it has been detected the lack of topographers in order to provide land titles; In Paraguay, the land office programme has had a lot of problems due to the lack of both technical ability and the data computing. Generally speaking, the lack of awareness or the little effectiveness of the organisms in charge of the process, often have the difficulty of establishing the land office (land title registration) which in few years loses its efficiency.

7 MST: the Brazilian Landless Workers Movement is the largest movement in Latin America and one of the most successful grassroots movements in the world. Hundreds of thousands of landless peasants have taken onto themselves the task of carrying out a long-overdue land reform in a country mired by an overly skewed land distribution pattern. Less than 3% of the population owns two-thirds of Brazil’s arable land.

8 Cedula de la Tierra and Banco de la Tierra: programmes developed in order to provide policies of purchase and sale of land. Sometimes they use the expropriation system with little compensation to the landlords. These policies have been put in practise through agreements between The World Bank and The Institute of Land Reform of Brazil (INCRA).

9 Settlement: it is a productive unit where agro-economic activities are developed. These activities should be developed taking into account the sustainable development concept, by preserving both the natural resources and the environment. In general terms, the settlement is defined as a work place where an agricultural community of men, women and children have to faced the challenge of a new life organization, under new ways of cooperation and finally, they have to define their living conditions.

10 PRONAF is a program designed to kick start rural development. It starts by strengthening family agriculture, which in turn generates jobs and income. The program functions in a decentralized manner and its protagonists are the small agriculturists themselves and their organizations. The program finances the outlay and investment in farming, fishing, or extractive activities. These people or their organizations, individually or collectively, can have access to financing that meets the criteria of the Program.

11 Ellis (1988): he observed how productivity increases while the size farm decreases. Netting (1993): Some empiric surveys for Bangladesh, India and Costa Rica have shown how the small farming system had greater economic efficiency.

12 Albert Hirschmann (1961) was the author that best theorized the interaction among these three elements: Society, Market and State. According to Hirschmann, before attributing all the responsibilities to the State, it should be asked why it would be capable of carry out some works or reforms in a more effective way than the market. The economic development would occur by the permanent interaction between CFS (Fixed Social Capital of the State), ADP (Directly Productive Activities: private sector) and the social forces. On a first moment, the State has made some investments of the CFS type; the accomplishment of this work induces, by one side, the private capital to carry out some productive investments (Inductive Effect) and, at the same time, leaves some needs uncovered, not noticed before, like lack of water, electricity, etc. The recognition of this need by any organized group of the society and the complaint of its solution is a fundamental part of the process. The showing or not of social movements connected to the complaint of solution for the needs, will determine the direction that the development process will take. It is very hard for the State, through the planning of its activities, to remember that this municipal district or community needs some work in particular. There is not such thinking about the actions of the State. At the time of deciding between priorities, they will act with CFS, in the places where the biggest social pressures come, even if they come from sectors that are not so demanding. The social-economic development of a country will take the form and the direction given by the interaction among the three forces already mentioned and the result will depend on the relative force of each one of them.

13 The success of the MST lies in its ability to organize because its members have not only managed to secure land, thereby guaranteeing food security for their families, but have come up with an alternative socio-economic development model that puts people before profits.

14 There is no doubt that Brazil, without the participation of the MST (Movement of the Landless Rural Workers) and the permanent pressure from CONTAG (National Confederation of the Agriculture Workers), would not have restarted the agrarian reform, as it happened in 1993, nor would have deepened the demand for a more differentiated policy in favour of the family agriculture.

15 Today land reform has returned to national and international agendas as seen in the international summits and agreements of, amongst others, the
United Nation’s Commission on Sustainable Development, the World Food Summit, the Convention to Combat Desertification and the Convention on Biological Diversity.

Rosset, Peter, *Food Security idea. Food First Organization*. The World Food Summit held in Rome in 1996 committed FAO Member States to the 2015 goal of reducing food insecurity by half. It was followed by the World Food Summit: five years later, also held in Rome, in 2001. It is estimated that approximately 790 million people in developing countries (representing about 20 percent of their total population) and 34 million in developed countries, are chronically undernourished. To meet the target of halving malnutrition in developing countries by 2015, this number needs to be cut by at least 20 million per year, more than twice as fast as the current reduction of about eight million. With a growing world population, this situation may even worse unless very determined and well-targeted actions are taken to improve food security. Food security is, and will likely remain for some time into the future, the outstanding public good obligation of all countries. The Vancouver Food Policy Organization defines Food Security as: “Everyone will have access to safe, healthy, locally produced, affordable, and environmentally friendly food”.