

THE POLITICAL ECONOMY OF AGRICULTURAL POLICY IN BRAZIL: Decision Making and Influence from 1964 to 1992*

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Abstract: Based on primary research and fifty interviews, this article analyzes the history, institutions, and politics of agricultural policy formulation in Brazil from 1964 to 1992. It focuses on how trade, credit, and support-price policy evolved in response to economic crisis and democratization in the 1980s. Although the economic crisis caused policy to be redesigned, the change in political regime and in the institutions of interest-group representation significantly influenced the direction of policy reform. The return to a democratic regime permitted the Congress and the Brazilian judiciary to play more significant roles in shaping agricultural policy. Simultaneously, democratization led to the questioning of corporatist institutions and the emergence of more participatory organizations in the agricultural sector. These changes have caused policy making to become increasingly subject to explicit rules, which should lead to more predictable policies and a long-term reduction in discrimination against Brazilian agriculture.

Many analysts have argued that interest groups may have greater influence over policy choice in democratic systems because policy makers are less able to resist their demands. According to this view, authoritarian regimes are characterized by greater state autonomy, and the national objectives defined by authoritarian leaders can more easily supersede particularistic demands. Democratic regimes may therefore have greater difficulty maintaining macroeconomic stability, initiating necessary economic reforms, or limiting policy distortions induced by rent seeking.¹ Drawing on an in-depth study of agricultural policy in Brazil, this article will highlight the multiple determinants of policy and caution against focusing on regime type alone. Democratization in the 1980s facilitated the organiza-

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1. See the discussion in Haggard and Webb (1993) as well as other contributions to this debate found in Armijo (1996), Remmer (1989), Sloan (1989), Stallings and Kaufman (1989), Kaufman (1985), and Olson (1982).

tion and participation of agricultural interest groups, yet during this same decade, the quantity of subsidies to agriculture was dramatically reduced. To understand the trajectory of agricultural policy reform during this period in Brazil, it is necessary to look beyond the dichotomy between democratic and authoritarian regimes and to incorporate a variety of other explanatory factors.²

To begin with, extreme care must be exercised to separate the effects of the change in regime from the effects of the economic crisis of the 1980s, which dramatically altered the set of policy options that were feasible. The economic crisis undermined the viability of credit subsidies, which had been the principal “positive policy” for agriculture, and forced the state and affected interest groups to search for an alternative policy package. Following a brief period of aggressive support prices, the Brazilian state gradually retreated from its interventionist past, and policies moved significantly in the direction of liberalization and market-oriented solutions. Even though subsidies to the agricultural sector were reduced, the sector as a whole was not necessarily worse off: overall taxation of agriculture declined, and the new policies were more equitable than the credit-based package of the 1970s.

The return to a democratic regime encouraged changes that led to more transparent and consistent policy determination. A new agricultural lobby shifted its focus away from lobbying for subsidies and toward adopting a set of rules to constrain the erratic and frequently discriminatory behavior of the Brazilian state. While the goals were quite different from securing quota rights, subsidies, or “capturing” a state agency, the institutionalization of the policy-making process will likely be favorable for agriculture as a whole.

Changes also occurred in the institutions of representation for sectors and classes that go beyond the issue of regime type. Groups began to organize more autonomously and to move away from the corporatist heritage that had characterized authoritarian and democratic periods in Brazilian history. Although the rejection of corporatism is not unique to the agricultural sector, it signifies a significant institutional change that will affect how interest groups attempt to influence decisions as well as the resulting policy outcomes.

The rebirth of agricultural producer organizations was an important component of this process. Little has been written about this aspect of the explosion of organizations in Brazilian civil society in the 1980s. More attention has been given to the battles over land reform, centering on the União Democrática Ruralista (UDR) and the Movimento dos Sem Terra (MST).³ Yet with regard to the formulation of agricultural policy, changes within the existing agricultural producer organizations are likely to be

2. The necessity of going beyond regime type and incorporating other key institutional features is suggested clearly by Nelson (1991).

3. Two exceptions are Graziano da Silva (1991) and Lopes (1988).

more significant. The old guard in the *Confederação Nacional da Agricultura* (CNA) was removed. The new leadership, together with the *Organização das Cooperativas Brasileiras* (OCB) and the *Sociedade Rural Brasileira* (SRB), led numerous other agricultural organizations in creating an extra-corporatist coalition named the *Frente Ampla da Agropecuária Brasileira* (FAA). While the FAA was concerned about preventing land reform and ensuring that the Constitution of 1988 exempted “productive land” from possible expropriation, the primary focus was to influence agricultural policy. The demands and forms of action of the agricultural lobby in the late 1980s, as expressed through the FAA, differed dramatically from their predecessors in the period under military rule (1964–1984). The changes in agricultural policy, the decision-making environment, and the lobby that represented commercial agricultural producers are the foci of this article. Although the question of land reform is paramount in terms of social justice, it is not the main concern here.⁴

This article will explore policy choice for the agricultural sector by examining the interaction of four key factors: the Brazilian state, the interest groups, the economy, and the political regime. Regime type will be used as a tool to differentiate two periods in terms of different decision-making environments and forms of representation. I will argue that the decision-making environments are more correlated with regime type than forms of representation. The state will be shown to be a multifaceted actor with diverse interests. Commodity-specific public agencies were operating for coffee, sugarcane, cocoa, and wheat, and important differences existed between the executive branch and the Congress as well as among different parts of the executive branch itself (such as the *Ministério da Fazenda* and the *Ministério da Agricultura*).⁵ Drawing on fifty interviews with key political actors, the locus of decision making in each period will be identified, and an attempt will be made to quantify the relative influence of the actors in the policy-making process as well as the relative importance of diverse channels as means through which producers were able to influence policy.

The first main section of this article analyzes the military period

4. Limitations on article length and the dearth of research on agricultural policy making explain in part the narrowing of the focus of this article. Another reason is that the rural poor in Brazil are heterogeneous, as in many other countries. Consequently, potential solutions to rural poverty must be multifaceted. They must include land reform, public investments in physical and social rural infrastructure, wages and working conditions of rural workers, income-diversification strategies for small producers, and consistent agricultural policies that do not discriminate against the agricultural sector or against small producers. Thus land reform is only one component of a potential solution. And even after redistribution, land-reform beneficiaries become subject to the types of policies studied in this article for their long-term viability as producers.

5. The goal here is to address the criticisms waged by political scientists such as Bates (1991) that economists tend to characterize the state as monolithic.

from 1964 to 1984. The major agricultural policies are described, and the locus of decision making and channels of influence are identified. The next section focuses on the relationship among agricultural policy, the economic crisis of the 1980s, and democratization. The following section explores changes in the 1980s in the organizations that represent agricultural producers. The final section provides a conclusion and some thoughts on the future.

THE MILITARY PERIOD: AGRICULTURAL POLICY, DECISION MAKING, AND CHANNELS OF INFLUENCE

Agricultural Policies

Many Latin American countries adopted agricultural policy packages in the 1960s aimed at modernizing *latifundios* (extensive large estates) as part of a strategy to control the pressures for land reform. Illustrating the priority attributed to the agrarian question in this period, the military government in Brazil moved quickly after taking power in 1964 to pass the Estatuto da Terra.⁶ The statute outlined the direction that policy toward the agricultural sector would take in the coming decades. The executive's message accompanying the legislation when it was submitted to Congress stated: "It is not enough for the project to be merely a law of agrarian reform. It aims to modernize the country's agricultural policy, having for this very reason a broader and more ambitious goal: it is a law of Rural Development." The message continued, "The project concentrates on the rural land tax as an instrument to carry out agrarian reform. . . . The project permits the owners of partially utilized land to have the opportunity to adapt to the requirements established by progressive taxation." Finally, the executive made it clear that as long as large landowners modernized and maintained adequate levels of productivity, their land would not be expropriated. The text continued, "The extreme variation in regional situations in Brazil requires nevertheless that restrictions on the continued existence and formation of large rural enterprises not be created . . . as long as the principles of social justice and the adequate use of land with a high level of productivity are guaranteed."⁷ Thus the military chose modernization and colonization as substitutes for the widespread redistribution of land that peasants and rural workers had called for prior to the coup in 1964.

The modernization of agriculture that resulted from the military's rural-development strategy has been described as "conservative" for several reasons.⁸ First, it was pursued as a means of increasing production

6. Law 4,504 of 30 Nov. 1964 was called the Estatuto da Terra.

7. The citations are from the Estatuto da Terra (Brazil, Estatuto da Terra 1965). I am responsible for all translations.

8. On the "conservative modernization" of Brazilian agriculture, see Goodman et al. (1985) and Graziano da Silva (1989).

without reforming the distribution of landownership. The options left for peasants were to migrate to the cities and to the frontier (for the majority), to become agricultural workers (in select regions of the country), to retreat into subsistence agriculture (often complemented by wage labor), or to become modern family farmers (for a minority of peasants). Rural poverty was transferred to the growing urban centers, and the unequal distribution of rural income was exacerbated.⁹ The agricultural modernization was also deemed conservative because it forged an exclusive alliance among the state, agro-industrial groups, and agricultural elites.¹⁰ Important complementary aspects of the development strategy were creating incentives for growth for processors of agricultural goods as well as for producers of modern agricultural inputs such as tractors, hybrid seeds, and fertilizers.

The economic policies that sustained this alliance through the early 1980s relied on a careful combination of taxation through price policy and selective subsidization through credit.¹¹ Overvaluation of the exchange rate and industrial protection discriminated indirectly against the majority of the agricultural sector. These indirect policies lowered the relative prices of most agricultural products by around 20 percent in the 1970s (Krueger 1992). Direct policies for most crops also helped depress their domestic prices. For the export crops, taxation and quantitative restrictions further reduced domestic prices relative to their international counterparts. Domestic food crops, in contrast, suffered from strict price controls designed to control inflation and the cost of food for the urban population. In terms of price policy, only the goods that competed with imports, such as wheat, benefited from direct protection.¹²

The large producers of most crops, however, received direct compensation for the discriminatory price policies through credit subsidies. Interest rates were fixed well below the rate of inflation from 1973 to 1983. At the height of the subsidized credit program, from 1975 through 1982, the annual subsidy through credit to the agricultural sector averaged 3.58 billion (U.S. 1992) dollars, or 14.7 percent of the value of agricultural production.¹³ Credit was targeted to priority crops like soybeans and was concentrated on large farms, thanks to secure land titles, collateral, and lower transaction costs for banks. Douglas Graham, Howard Gauthier, and José Roberto Mendonça de Barros estimated that 50 to 60 percent of formal credit went to 3 to 4 percent of the farms (Graham et al. 1987).

9. For rural Brazil, the Gini index of income concentration rose from .44 to .54 between 1970 and 1980. Subsidized credit to large farms explains a significant portion of this change. See Graham et al. (1987).

10. On the historical roots of this alliance, see Mueller (1983).

11. See Mauro Lopes (1988) for an insightful discussion of the "political architecture" of this combination of policies.

12. Protection rates for selected products can be found in Brandão and Carvalho (1991) and Helfand (1994).

13. The estimates are from Helfand (1994).

Large producers were not the only beneficiaries of the model. Artificially depressed domestic prices served to stimulate the growth of the industries that processed agricultural goods (such as vegetable oils, textiles, and wheat flour). On the input side, abundant agricultural credit increased the demand for modern inputs because until the debt crisis, loans were required to be used to purchase these goods. A minority of peasants also succeeded in gaining access to the subsidized policies that assisted them in becoming modern family farmers.

Beginning in the early 1980s, subsidizing agricultural modernization with credit became an unsustainable policy. Inflation passed the 100 percent mark for the first time in 1980, and shortly thereafter the debt crisis eliminated external sources of borrowing. As part of an attempt to control the budget deficit and inflation in the early 1980s, the volume of credit to the agricultural sector was dramatically reduced, and interest rates were raised. One outcome of the economic crisis of the 1980s was the exhaustion of the political alliance that had been based on taxation through price policy and subsidization through credit.

Decision Making and Channels of Influence in the Military Period

During the military period, agricultural policy was formulated by the executive, dominated by the Ministries of Finance (Fazenda) and Planning (Planejamento), and received little if any input from the Congress. Because decision making was concentrated in a few ministries and conducted in a relatively closed process, access to decision makers through friendship or other personalistic forms of contact became essential. In this kind of decision-making process, personal connections were more important than strong organizations. Interviews with participants in this policy-making environment offer insights into how it functioned.

Nearly fifty interviews were conducted with representatives of interest groups and high-level government officials involved in agricultural policy formulation.¹⁴ Interviewees were asked historical and descriptive questions concerning the policy-making process as well as several quantitative questions. The first was to rate the relative power of sectoral interest groups and key branches of the government to influence agricultural policy. This question was asked for 1964–1984 and was then repeated for 1985–1991.¹⁵ The respondents were then asked to rate the importance of

14. A complete list of the names and affiliations of the persons interviewed in 1992 and 1993 is available from the author. The sample included fifteen presidents of national and state-level agricultural producer organizations; seven presidents of processor and input producer associations; ten congressional representatives who were members of the Comissão de Agricultura e Política Rural in Congress; one former agriculture minister; and numerous high-level government officials with experience in the Banco Central and agencies responsible for agricultural research, support prices, and price controls.

15. The process of democratization and policy change was long and slow. Consequently,

various channels through which producers could influence policy decisions, again for both periods. The responses ranged from 0 (not powerful or not important) to 10 (very powerful or very important). After completing the numerical portion of the question, interviewees would then explain their reasoning. About half of those interviewed responded to the numerical portion of these questions.

Table 1 summarizes the perceptions of the participants in agricultural policy formulation regarding the relative power of the different actors in the period from 1964 to 1984. Decision-making power over agricultural policy was not located primarily in the *Ministério da Agricultura*. The *Ministério da Fazenda* was by far the most influential actor (with an average rating of 9.12).¹⁶ The power of this ministry elicited the greatest consensus among the respondents (as indicated by the low standard error of the responses). The *Ministério da Fazenda* controlled the resources allocated to the other ministries. It contained agencies in charge of controlling prices. The ministry also managed the key macroeconomic policies that influence agriculture, such as the exchange rate and the interest rate, and determined trade policy. Because decisions on credit, trade, and price controls for agricultural products were made outside the *Ministério da Agricultura*, this ministry was viewed as a relatively weak actor (with an average rating of 5.10). Flávio Britto, a senator from Amazonas and president of the *Confederação Nacional da Agricultura (CNA)* throughout most of the military period, summarized the opinions expressed in most interviews: "I was invited to be *Ministro da Agricultura* three times and I didn't accept. I didn't accept because I think that the *Ministério da Agricultura* is a very weak ministry. The strong ministries are *Fazenda* and *Planejamento*. The agriculture minister is weak because the agricultural sector is weak."¹⁷ The *Ministério da Agricultura* was perceived by many participants as an

the identification of only two periods is somewhat imprecise. Diverse opinions were expressed in the interviews about the issue of regime change and the appropriate year that divided the two periods. Depending on the specific question being discussed, some respondents agreed with 1985, while others thought the dividing line should be earlier to reflect the political opening that was accelerated under President João Batista Figueiredo in 1979 or the free election of congressional representatives and governors in 1982. Still others thought that a new period really began to take shape only with the new constitution in 1988, or even the agricultural laws in 1991. Although the interviews were conducted in terms of two periods, the respondents were left to qualify their answers however they saw fit. Table 1 should thus be viewed as representing two separate periods with a flexible dividing line between them that varied according to the particular issue being addressed.

16. The term "*Ministério da Fazenda*" is used here to represent all the economic ministries of the Brazilian government. Throughout the period under study, the *Ministério da Fazenda* was at various times joined with or separated from the *Ministério do Planejamento*. When the interviews were conducted in 1992, for example, the two ministries were consolidated into a single *Ministério da Economia, Fazenda e Planejamento*. For simplicity, I refer only to the *Ministério da Fazenda*.

17. Interview conducted in Brasília, 31 July 1992.

TABLE 1 *Relative Power of the Actors Shaping Brazilian Agricultural Policy and Channels of Influence Used by Agricultural Producers, 1964–1984 and 1985–1991*

Relative Power and Channels of Influence	Average Rating ^a		Test of Difference between Means of Each Period ^b	Degrees of Freedom
	1964–1984	1985–1991		
Relative Power of Groups and Institutions				
Ministério da Fazenda	9.12 (1.3)	8.57 (1.8)	-1.25	51
Banco do Brasil	7.66 (1.6)	6.06 (2.7)	-2.58 ^c	49
Banco Central	6.04 (3.0)	4.92 (2.7)	-1.38	46
Ministério da Agricultura	5.10 (2.1)	5.57 (2.1)	0.84	51
Comissão de Agricultura (Congresso Nacional)	2.18 (1.9)	5.06 (2.8)	4.27 ^d	48
Conselho Nacional de Política Agrícola		3.54 (2.8)		
Agricultural producers	4.27 (2.3)	5.00 (2.2)	1.20	50
Regional groups	4.32 (2.4)	3.97 (2.6)	-0.42	33
Agro-industrial groups	5.26 (2.8)	5.30 (1.9)	0.06	46
Other	5.16 (3.3)	5.96 (2.5)	0.66	21
Channels of Influence				
High-level government officials	7.63 (1.7)	5.35 (1.4)	-4.75 ^d	38
Personal contacts	6.78 (2.2)	4.71 (1.6)	-3.23 ^d	35
Congressional representatives	3.85 (2.1)	6.40 (1.9)	3.96 ^d	38
Voting	3.50 (2.0)	5.67 (2.9)	2.59 ^c	34
Public demonstrations	4.26 (2.6)	5.74 (2.7)	1.60	32
Other	4.60 (2.1)	6.90 (1.2)	2.13	8

Source: Based on interviews conducted in 1992–1993.

^a Standard errors are in parentheses.

^b The test statistic has a t-distribution and is appropriate for small-sample tests for comparing two population means.

^c Significant at the 5 percent level.

^d Significant at the 1 percent level.

ally of the agricultural sector in its struggle to influence policies. Although this ministry frequently formulated policy proposals, the final decisions were made elsewhere.

What is also evident is the importance of the institutions linked to credit. The Banco do Brasil was clearly viewed as the second-most-powerful actor, followed by the Banco Central (with ratings of 7.66 and 6.04, respectively). Much of the Banco do Brasil's power arose from its predominance in rural lending at a time when credit was the key component of agricultural policy. In the early 1970s, for example, the Banco do Brasil was re-

sponsible for about two-thirds of the lending to the agricultural sector. In an interview with Flávio Teles de Menezes, president of the Sociedade Rural Brasileira (SRB) from 1984 to 1990, he quoted a famous story that captured the tone of many responses: "If a lion escaped from a circus, and on that day he went to the Ministério da Agricultura and ate the minister and sat in the minister's chair, it would take from seven to ten days for someone to discover where the lion was hiding, because nobody would miss the agriculture minister. But if the lion went to the Banco do Brasil and ate the director of the Carteira de Crédito Agrícola (the agricultural credit division), in ten minutes the entire country would know where the lion was."¹⁸ The power of the Banco do Brasil to influence agricultural policy was not limited to its role as the main lender to the agricultural sector. This institution had exceptionally well-trained employees who occupied high-level positions throughout the rest of the government yet maintained their allegiance to the bank. Considerably less agreement existed among the interviewees regarding the importance of the Banco Central (as indicated by the larger standard errors of the responses). Some perceived the Central Bank as subordinate to the Ministério da Fazenda, while others believed it had influence of its own.

In contrast to the predominance of the Ministério da Fazenda and the Banco do Brasil and the weakness of the Ministério da Agricultura, the congressional committee in charge of agriculture, the Comissão de Agricultura e Política Rural, was essentially irrelevant to agricultural policy in the military period. The power of the Brazilian Congress as a whole was severely weakened by the *Atos Institucionais* that had transferred economic and legal power to the executive branch. And even though a political opening of the authoritarian system had begun in 1974, electoral rules continued to be manipulated throughout the 1970s to ensure that the military would not lose its majority in the Congress.¹⁹ Consequently, agricultural policy was formulated and decided in the executive branch, and interest groups focused their efforts there.

Table 1 also summarizes the relative importance of the channels that agricultural producers used to influence policy. It suggests that because decision making was concentrated markedly in the executive branch, access to high-level officials in that branch of government was essential for influencing policy outcomes. Table 1 also underscores the importance of personal rather than institutional forms of access. Yet the agricultural sector often could only react to decisions already made rather than influence the process before this point. Flávio Teles de Menezes described the decision-making process in a way that was repeated in many interviews: "Until I took over [as president of the SRB] in 1984, agriculture was concerned with

18. The story was attributed to Carlos Lacerda. Personal interview with the author in São Paulo, 25 June 1992.

19. For an interesting history of this period, see Skidmore (1989).

solving specific problems at the time of a crisis, after decisions had been made. They were moves in reaction to decisions made in Brasília. These reactions normally took place in closed meetings and cabinets, and they depended on good relations between rural leaders and the current minister, the President, and so on. Consequently, they did not depend on manifestations of power, votes, etc."²⁰ Good relations with the top level of the executive branch frequently implied a certain degree of friendship and trust. For example, when Flávio Britto, president of the CNA, was asked what he did to influence decisions on agricultural policy, he responded: "First, I was well connected to the Presidents of the Revolution:²¹ General Geisel, General Médici. . . . I would do the following. I would go to the President. Later on I would speak in Congress. But first I would go to the President directly. I would call his secretary, with whom I was friends. The secretary knew that the President would receive me. . . . The President only sees people who are his friends and whom he trusts."²²

This decision-making process favored elite actors and excluded the majority. It encouraged informal interactions that were often based on patronage and mutual favors. The process thus benefited influential individuals and groups, such as large landowners and agro-processors, and helped sustain the inequitable agricultural policy package based on taxing the majority and subsidizing the few. Central to this decision-making environment was the representation of well-defined segments of society through corporatist institutions.

Corporatism and the National Confederation of Agriculture

An important element of the policy environment during the military period was extension of the corporatist system of interest representation to the agricultural sector. Yet it was not the military that took the initiative. The *Consolidação das Leis do Trabalho* (CLT) that took place under Getúlio Vargas in 1943 had specifically excluded the agricultural sector and its existing organizations from the hierarchical system of labor relations based on unions, labor courts, and social security.²³ The growing urban working class of that period was incorporated into a system in which the state strictly regulated relations between workers and their unions, as well as between workers and employers. According to the stipulations of decree-law 8,127 of 1945, landowners could form rural associations at the municipal level, federations at the state level, and a Brazilian

20. Personal interview.

21. The military coup of 1964 is frequently referred to by its supporters as the "Revolução de 1964."

22. Personal interview.

23. For a detailed history of the corporatist state and labor relations in Brazil, see Erickson (1977).

rural confederation at the national level. But these organizations existed outside the realm of the Ministério do Trabalho and the CLT. Older associations dating back to the beginning of the twentieth century, such as the Sociedade Nacional da Agricultura (SNA) and the Sociedade Rural Brasileira, continued to exist alongside the newly created rural associations.

In 1963, amidst intense mobilization by peasant leagues and rural workers, legislation supported by populist President João Goulart extended the benefits and controls inherent in the CLT to the agricultural sector. Law 4,214 of 1963, called the Estatuto do Trabalhador Rural, established a system of interest representation for landowners and rural workers that was modeled on what had existed for urban groups since the 1940s. It is worthwhile to take a brief look at the cornerstones of this legislation to comprehend the extent of state control over unions and their relationships with other groups. Although the legislation applies equally to the unions formed by landowners and rural workers, the focus here will be on the landowners' unions.

Article 115 of the Estatuto do Trabalhador Rural defines the privileges of rural unions:²⁴

- a) to represent, before the administrative and judicial authorities, the general interests of their class, or the individual interests of the members. . . .
- b) to enter into agreements or collective contracts. . . .
- c) to elect representatives of the class. . . .
- d) to collaborate with the state as technical and consultative organs in the study of solutions for the problems related to the represented classes;
- e) to levy contributions on all those who form the represented classes.

Article 116 defines the union's duties:

- a) to collaborate with public authorities in the development of social solidarity;
- b) to maintain social services for their members;
- c) to promote reconciliation in labor disputes;
- d) to promote the creation of cooperatives. . . .
- e) to establish and maintain literacy and pre-vocational schools.

It should be evident that these unions bear little resemblance to U.S. or European unions that focus on collective bargaining on wages, benefits, and conditions of work. The Brazilian unions are just one part of a state-regulated hierarchical system of corporatist social relations. Only one union is permitted to represent an occupational category (landowners, in this case) in a given municipality, according to the principle of *unicidade sindical*. For a union to come into existence, the Ministério do Trabalho must "recognize" the entity. Along with recognition comes the right to receive a percentage of the "union tax," the "union contribution" cited in Article 115. The union contribution was not collected directly by the unions, however.

24. This and other citations from the law come from Prunes (1970), where the entire text of the law is reproduced.

The Instituto Brasileiro de Reforma Agraria (IBRA, later renamed Instituto Nacional de Colonização e Reforma Agraria, or INCRA) collected the union contribution along with the rural land tax. IBRA kept 15 percent to cover its costs and distributed the rest to the municipal-level unions, the state federations, and the national confederation. While the legislation guaranteed a source of revenue for recognized unions, in return the unions had to request approval of their annual budgets from the Ministério do Trabalho.

When the military took over in 1964, it intervened in many of the peasant and rural worker associations and unions. The military then used the Estatuto do Trabalhador Rural as a way to gain control over what had been a threatening and relatively autonomous movement. The evidence on the relationship between the military and landowners is more sparse. Several interviews suggested that even though landowners had been an important source of support for the coup, the military wanted the government to have the same type of corporatist control over landowners that it was exercising over the other groups in agriculture and industry.²⁵ The military utilized the statute, which had not yet been fully implemented, to unionize the rural associations. The next step was to replace the existing union leadership.²⁶ The result was a co-opted formal structure of representation headed at the national level by one man for nearly twenty years. This situation gave rise to the peculiar mixture of corporatism and personalism that characterized the representation of landowners throughout the military period. Within the limits of the legislation that created the Confederação Nacional da Agricultura, the organization flourished and became, according to one assessment, “the principal pressure group in the orientation of the government’s agricultural policy” (Sorj 1980, 77).

The consequences for agricultural producers of the unionization of their organizations and the fact that a small group monopolized the leadership positions throughout most of the military period were several. First, because farmers paid their dues to the government rather than directly to the unions, farmers remained somewhat distant from the formal organizations intended to represent them. The CNA leaders’ lack of authenticity added to this separation. Second, whenever issues needed to be resolved or policy decisions to be influenced, the forms of action followed the pattern already described: rural leaders would activate their web of personal connections rather than mobilize members or rely on the strength of their organizations. Third, problems were almost always addressed through the

25. This opinion was expressed by Renato Ticoulat Filho, for example, who was president of the Sociedade Rural Brasileira (SRB) from 1978 to 1984 and had been active in that association since the 1950s. Interview in São Paulo, 15 June 1992.

26. The military chose Flávio Britto to head the Confederação Nacional da Agricultura (CNA). He remained at its helm throughout the entire military period. When asked about this period, Britto recalled that President Artur da Costa e Silva had threatened to intervene in the CNA if the existing leader did not step down and allow Britto to take over.

state rather than directly with other organizations or sectors. For example, complaints about prices were not negotiated with the suppliers of inputs or the buyers of agricultural goods. They were instead directed up through the hierarchical structure of representation so that the rural leaders could then go to the agency in the Ministério da Fazenda that supervised price controls, where a negotiated solution might be reached. The picture that emerges shows the state at the center of most decisions and relationships. The state defined the relationship between producers and their legal representation and also mediated interactions between different sectors of the economy. The elite representatives of the agricultural sector could influence policies, but the currency of influence was not votes, mobilizations, or member participation.

THE 1980s: AGRICULTURAL POLICY IN A DECADE OF ECONOMIC CRISIS AND DEMOCRATIZATION

Economic Crisis and Agricultural Policy Responses

Signs of impending macroeconomic difficulties were evident by the late 1970s, even as the subsidized rural credit program was peaking. Amidst rising world interest rates and a second oil-price shock, the decade ended with a 30 percent devaluation of the *cruzeiro* and adoption of an economic package designed to combat the accumulated macroeconomic imbalances. Nevertheless, as table 2 shows, the annual rate of inflation passed the 100 percent mark in 1980, soaring above 1,000 percent by 1988, while the gross domestic product (GDP) contracted more than once. As inflation, debt, and the public deficit became the overriding economic issues of the 1980s, the implications for the agricultural sector were profound.

In terms of the indirect policies that affected agriculture, the economic crisis led to a depreciation of the real exchange rate and a significant reduction of the policy bias that had historically favored industry. Although the effect of the 1979 devaluation was short-lived, a 30 percent real devaluation in early 1983 was sustained through 1987 (table 2). The new policy environment, together with agricultural policy changes that will be analyzed subsequently, allowed the agricultural sector to perform relatively better than the rest of the economy and to offset partially the consequences for the whole economy of falling output and incomes in the 1980s.²⁷ Even though the economic environment was unstable and policies were changing rapidly, the movement away from overvalued exchange rates and industrial protection was a favorable sign for the long-run performance of the agricultural sector.

The first major impact of the macroeconomic situation on Brazilian

27. For a well-documented and insightful analysis of agricultural policy in the 1980s, see Goldin and Rezende (1990).

TABLE 2 Selected Brazilian Economic Indicators, 1970–1991

Year	Annual Growth Rates				Real Ex- change Rate ^a (1980=100)	Agricultural Share of Exports
	GDP (%)	Industry (%)	Agriculture (%)	Inflation (%)		
1970	9.5	11.1	5.6	19	82	75
1971	11.3	11.8	10.2	20	81	71
1972	12.1	14.2	4.0	16	81	76
1973	14.4	17.1	0.0	16	83	71
1974	9.0	8.3	1.0	35	84	64
1975	5.1	4.8	7.2	29	86	58
1976	9.8	11.7	2.4	46	84	61
1977	4.6	3.1	12.1	39	83	62
1978	3.0	11.2	-2.8	41	82	55
1979	6.7	6.8	4.8	77	90	50
1980	9.6	9.3	9.5	110	100	49
1981	-4.4	-8.8	8.0	95	92	43
1982	0.6	0.0	-0.5	100	92	41
1983	-3.4	-5.8	-0.6	211	118	43
1984	5.4	6.6	3.4	224	121	40
1985	7.9	8.3	10.0	235	124	38
1986	8.5	11.8	-8.0	65	109	32
1987	3.3	1.1	15.0	416	99	21
1988	-0.3	-2.6	0.8	1,038	88	23
1989	3.3	2.9	2.9	1,783	70	23
1990	-4.6	-7.4	-3.7	1,477	79	
1991	0.3	-8.0	2.6	480	92	

Sources: World Bank, *Brazil: Agriculture Data Set* (Washington, D.C.: World Bank, 1992); and World Bank, *World Tables, 1994* (Baltimore, Md.: Johns Hopkins University Press, 1994).

^a Defined as the official nominal exchange rate multiplied by the U.S. wholesale price index and divided by the Brazilian general price index (IGP-DI).

agricultural policy came in 1983, when agricultural credit was slashed by over 40 percent.²⁸ Table 3 indicates that total real credit given to the agricultural sector remained relatively constant between 1975 and 1982, varying between 15.5 and 17.7 billion (U.S. 1992) dollars. In 1983 credit was cut to just over 9 billion, and it dropped to 5.6 billion in 1984. Prior to 1983, other changes were already under way. Most important, real interest rates were gradually becoming positive. Throughout the 1970s, interest rates on rural loans had been set by the government in fixed nominal terms well below the rate of inflation. Starting in 1979, the government began to allow interest rates to float partially, but they still did not incorporate the entire amount of inflation during the period of the loan. The result was that in-

28. The data for this section come from Helfand (1994). These estimates exclude livestock credit.

TABLE 3 *Brazilian Rural Credit, 1969–1990, in Millions of 1992 U.S. Dollars*

Year	Total Credit	Real Interest Rate on	
		Production Credit ^a	Total Subsidy
1969	3,582	0	30
1970	4,564	-2	88
1971	5,304	0	67
1972	6,636	0	97
1973	9,039	-12	838
1974	11,090	-6	1,264
1975	15,501	-15	2,318
1976	16,363	-16	3,061
1977	16,212	-13	2,540
1978	15,611	-16	2,983
1979	17,684	-35	5,726
1980	16,731	-31	5,120
1981	16,422	-19	3,153
1982	15,751	-27	3,721
1983	9,049	-13	1,506
1984	5,554	8	88
1985	7,963	-2	330
1986	12,447	-36	4,054
1987	10,864	-16	1,415
1988	9,299	-22	1,803
1989	10,660	23	172
1990	6,865	7	120
Average	11,054		1,841

Source: Steven Helfand, "The Political Economy of Agricultural Policy in Brazil: Interest Groups and the Pattern of Protection," Ph.D. diss., University of California, Berkeley, 1994.

^a This is an estimated real rate based on the loan period of the major crops.

terest rates for the most important credit line (*custeio*) on the principal crops hit an unprecedented low in 1979 of negative 35 percent (table 3).²⁹ Interest rates then rose to negative 19 percent in 1981 and negative 13 percent in 1983. Production credit for the 1984–1985 harvest carried positive rates of interest for the first time since the early 1970s. The rising real interest rates and falling credit quantities led to a gradual elimination of subsidized credit. The subsidy that had peaked in 1979 at 5.7 billion (1992 U.S.) dollars fell to 3.2 billion in 1981 and was virtually eliminated in 1984 (table 3). Although credit subsidies were returned in 1986 and to a lesser extent in 1987–1988, this outcome resulted from failed stabilization plans rather than from policy intentions.

As credit subsidies were being phased out in the early 1980s, inter-

29. I am referring to production credit for corn, cotton, rice, and soybeans.

est groups and government technicians began to study and debate alternative policy scenarios.³⁰ They concluded that subsidized credit needed to be replaced with more lucrative prices to prevent agricultural production from falling dramatically. Yet allowing producer prices to rise presented two considerable obstacles. First, price increases would further aggravate the inflationary pressures that the government was seeking to control. Second and equally important, depressed producer prices had resulted from decades of government intervention. While controlling domestic prices as well as taxing and restricting exports were policies with an economic rationale (to control inflation and generate fiscal revenue), they had also become ingrained patterns of behavior for the Brazilian bureaucracy. These forms of intervention had become habitual responses to rising agricultural prices. Unlearning this interventionist pattern of behavior would be a gradual process. The short-run compromise was to substitute one form of intervention for another and thus to buy time to think about medium-term strategies for freeing agricultural markets from price controls, trade restrictions, and subsidized sales of government stocks of agricultural goods.

Support prices for agricultural commodities replaced subsidized credit as the most important policy instrument used to regulate the agricultural sector.³¹ Beginning in 1962, support prices were announced before the planting season so that they could serve as a lower bound influencing farmers' decisions. But as inflation accelerated in the 1970s, the announced minimum prices frequently became irrelevant. The first significant change that led toward more effective support prices came in 1979, when a variable production cost parameter, the Valor Básico de Custeio (VBC), was created. Prior to 1979, production and marketing credit limits were calculated as a function of the support price, implying a conflict between effective support prices and the inflationary impact of higher support prices leading to credit expansion. With the creation of the VBC, support prices were formally separated from credit limits and could thus be raised without necessarily leading to monetary expansion. Yet until 1981, support prices continued to be set in nominal terms prior to planting with an estimated correction for expected inflation. As inflation escalated, this method proved unsatisfactory. In 1981 the "base price" was created to index the support prices fully from the time they were announced until the harvest. Throughout the remainder of the 1980s, the period of indexing was expanded several months into the harvest season, and the index used to adjust the support prices was frequently changed. Yet the fundamental policy framework of announcing a

30. The interested reader is directed to a series of special volumes published by the Companhia de Financiamento da Produção (CFP) in its series *Coleção Análise e Pesquisa*. The special series begins with vol. 26, entitled "Fundamentos para uma nova política agrícola (Volume Especial I)."

31. On support prices in Brazil, see Brandão and Carvalho (1987), Goldin and Rezende (1990), the CFP series *Coleção Análise e Pesquisa*, and Helfand (1994).

TABLE 4 *Indices of Real Support Prices for Principal Crops during the Harvest Months in Brazil, 1980–1991*

Year	Cotton	Rice	Corn	Soybeans	Beans	Average
1980	94	98	86		72	87
1981	100	100	100	100	100	100
1982	105	102	112	105	106	106
1983	94	89	97	92	91	93
1984	100	93	92	79	93	92
1985	130	128	139	156	114	133
1986	112	113	123	142	94	117
1987	61	72	85	76	66	72
1988	77	73	89	85	73	80
1989	60	61	79	67	61	66
1990	55	58	68	59	66	62
1991	59	59	70	61	63	62

Source: Calculations based on data from Companhia Nacional de Abastecimento (CONAB) and the Ministério da Agricultura.

NOTE: Nominal support prices were deflated by the Brazilian general price index (IGP-DI) and then averaged over the harvest months of each crop. 1981 = 100.

base price prior to planting and then using an index to correct it for inflation until well into the harvest months remained intact.

Table 4 shows that with adopting the base price and indexing, support prices in 1982 rose above the level of previous years. When market prices fall to the level of the support price, producers can choose to sell to the government because the promise to buy any and all production at the level of the support price guarantees the program. When support prices rose in 1982, government acquisitions to guarantee the support price reached record levels for edible beans, corn, and cotton (see table 5). Support prices then fell in 1983 and 1984, in part because the government was concerned about being forced to accumulate even greater stocks.

For the 1984–1985 harvest, however, support prices were raised dramatically to provide a substitute for the removal of credit subsidies. Table 4 shows that the simple average of real support prices for the five principal crops covered by the program rose by over 45 percent in 1985. As in 1982, higher real support prices led to massive government acquisitions. The government purchased unprecedented quantities of cotton, rice, and soybeans, and extremely large amounts of corn and beans. Even the export crops of soybeans and cotton, which had traditionally relied on official marketing credit rather than government acquisitions, were sold in significant quantities to the government when support prices were raised and credit quantities and subsidies were reduced. Although real support prices fell for all products after 1985, they remained extremely favorable relative to market prices through 1988. Consequently, the government continued to purchase a significant share of domestic production for several years, es-

TABLE 5 Purchases by the Brazilian Government through the Price Support Program, 1970–1989, as Percentages of Production

Year	Cotton (%)	Rice (%)	Beans (%)	Corn (%)	Soybeans (%)
1970		6.8			
1971			0.3		
1972			1.0		
1973	0.1				
1974				1.0	
1975	10.8		1.7	0.6	
1976		6.7		0.8	
1977		13.3	0.3	7.8	
1978		2.1	3.1	2.3	
1979		1.4	0.5	0.4	
1980		2.3			
1981	2.4	9.7	0.8	0.3	
1982	10.4	7.5	36.2	16.2	
1983	4.3	6.5	10.2	7.4	
1984	0.4	7.4	4.4	2.2	
1985	51.2	18.2	23.7	13.6	12.1
1986	4.6	18.1	3.4	21.1	8.0
1987	1.9	28.1	2.7	29.5	5.0
1988	4.0	18.8	4.8	6.6	0.0
1989	0.2	7.5	0.0	4.0	0.0

Source: Calculated by the World Bank from data from the Companhia de Financiamento da Produção (CFP) and data from the Instituto Brasileiro de Geografia e Estatística (IBGE). See *Brazil: Agricultural Data Set* (Washington, D.C.: World Bank, 1992).

pecially of rice and corn. Continued purchases also can be explained by uniform national support prices that benefited distant regions of the country. In these regions, such as the Center-West, the government purchased products for the same price as in other regions and absorbed the costs of transporting the goods to the market.

Although higher support prices were introduced to replace credit subsidies, the accumulation of government stocks created a new set of difficulties. First, large government stocks of agricultural products were costly to store, implying that purchases could not continue indefinitely. Credit subsidies had been eliminated because the financially strapped Brazilian state could no longer afford them, yet direct intervention in support of market prices leading to massive acquisitions was not proving to be a sustainable alternative. Second, when the government purchased a large percentage of production, it then had to decide when and at what price to sell its stocks. While purchases occurred when market prices fell to the level of the support price, government sales took place whenever the bureaucracy feared rising agricultural prices. Government intervention thus created additional uncertainty about future prices. Initial steps toward creating rules to discipline

government actions were taken as early as 1984. But significant changes away from excessive and erratic state intervention began only in 1987.³²

In September 1987, the Conselho Monetário Nacional (CMN) approved Resolution 435 to govern the marketing of agricultural products.³³ This document was the first of a series of resolutions that would define a set of rules to constrain government intervention. The goal of creating preestablished rules for government action that would allow the private sector to know when and how the government would act was clearly stated in Resolution 435:

The resolution CMN No. 235/1986 and the Plano de Metas for agriculture announced in 1986 established the principle that government intervention in agricultural marketing, starting with the 1986–1987 harvest, should be subject to a set of previously announced rules aiming to preserve a space in the market for free action by the private sector. The goal defined in those two documents is the gradual freeing of agricultural markets as the indispensable guideline for the growth of Brazilian agriculture and the reduction of government expenditure on marketing.

In this spirit, the present proposal foresees the establishment of rules for internal and external marketing and for the sale of government stocks to take effect in the 1987–1988 harvest.³⁴

The rules set by this resolution established price bands and trigger prices for the main agricultural products. The resolution determined that prices for rice, beans, and corn would be allowed to vary freely without government intervention in a well-defined interval. The lower bound continued to be set by the support price, which the resolution suggested should become a function of the past sixty months of real market prices. The upper bound would be set by the average of the past sixty months of real market prices, plus an additional 12 percent for rice and corn and 17 percent for beans. The upper limit would trigger the government to begin to sell its stocks. This was exactly the type of rule that would create transparency in government decisions, allowing the private sector to predict with certainty when government intervention would be triggered. As for soybeans, cotton, and other exports, the resolution specified that sales of stocks should be coordinated with the freeing of foreign trade and that the “traditionally practiced” quantitative restrictions on trade should be replaced by a flexible system of export and import taxes. This latter set of rules was left to be determined sometime in the future.

In May 1988, the Conselho Nacional de Comércio Exterior (CONCEX) continued the process begun with Resolution 435 by passing a historic resolution liberalizing international trade of agricultural goods. CONCEX

32. For an insightful analysis of policy in this transitional period and a proposal for a set of rules to stabilize domestic prices, see Mauro Lopes (1986). His proposal anticipated the direction of policy change in the following years.

33. This section on Resolutions 435 and 155 relies on Ignez Lopes (1988, 1992) and the text of Resolution 155, which she graciously provided.

34. The text of the resolution is reproduced in Ignez Lopes (1988).

Resolution 155 stated flatly, "exports of soy beans, meal, and oil, cotton fiber, rice, and corn shall be freed from quantitative and qualitative restrictions." The motivation was clear. The background report prepared jointly by the finance and agriculture ministers, which provided the basis for the resolution, commented: "One cannot fail to mention that the Brazilian agricultural sector no longer relies on the subsidies that to a large extent motivated the policies of restricting exports and government intervention in the market. . . . Access by this sector to more open and competitive markets can no longer be denied without condemning it to stagnation and technological backwardness. . . ." ³⁵ Whether credit subsidies had motivated trade restrictions or trade restrictions had contributed to creating compensation in the form of credit subsidies, it is clear that the two factors were inextricably linked. Once the period of subsidized credit came to an end, the rationale for trade restrictions withered.

After a decade of experimentation and transition, the changes in agricultural policy begun in 1979 with floating interest rates on rural credit were finally evolving into a well-defined and dramatically different policy environment. The transition was not smooth because the numerous stabilization plans of the late 1980s frequently involved *ex post* changes in the agricultural packages that were announced each planting season. Yet to the extent that agricultural policy could be separated from the macroeconomic environment, it was evolving in a well-specified direction. The crux of the change was captured by the movement toward freer trade, market-determined prices, and predictable policies, and away from subsidized credit and erratic intervention. Nevertheless, many of the policy changes had come in the form of executive resolutions and decrees rather than having been codified in law. The implication was that they were not permanent and could easily be overturned. While the policies were changing, policy making still resembled the previous period.

The Agricultural Laws of January 1991, called for in the Constitution of 1988, marked an important advance toward institutionalizing the policy changes of the 1980s and thus guaranteeing their permanence. ³⁶ Following the tone of Resolutions 435 and 155, Law 8,171 of 17 January 1991 stated that a main goal of agricultural policy was "to systematize the actions of the state so that the diverse segments of the agricultural sector could plan their actions and investments in a medium and long-run perspective, reducing uncertainty in the sector." ³⁷ This agricultural law made

35. "Resolução no. 155, de 04 de maio de 1988," Conselho Nacional de Comércio Exterior (CONCEX), Secretaria Executiva, Rio de Janeiro.

36. Two agricultural laws were actually passed in January 1991, in part because the first had 84 sections vetoed by the president. A discussion of the vetoes can be found in the newspaper *Gazeta Mercantil*, 19 and 21 Jan. 1991. I am grateful to Agrocerec for generous sharing of their library and their thorough clipping of newspaper articles about agricultural policy.

37. See Article 3, Section 2. The text of the law is reprinted in *Plano Nacional Agrícola* (Brazil

several important advances in terms of specific policies. For example, sales of government stocks were to be triggered by predetermined rules but would now take place through auctions in an attempt to lend even greater transparency to the process. Agricultural Law Number 8,174 of 30 January 1991 brought another important issue to the forefront: the dumping of subsidized agricultural products by developed nations. Although cheap imports might help control inflation, they also created unfair competition for Brazilian domestic producers. The law established a "countervailing duty" to be levied on agricultural imports that were subsidized in their country of origin. Resolution 155 had discussed this instrument, but only after the two agricultural laws were passed did producers begin to make use of it.

The significance of these two laws transcends any specific improvement in policy and reflects the fact that agricultural policy was no longer being determined exclusively by the executive branch. The Congress had now established in law a set of rules that the executive would be forced to respect. The Congress would now scrutinize the actions taken by the executive, and the judiciary would play a role in guaranteeing that the executive respected the law. These laws culminated the two principal forces of the 1980s: economic crisis and democratization. It is now time to take a closer look at the policy-making environment of this transitional period and the profound political changes occurring within the agricultural sector.

Decision Making and Channels of Influence in the New Republic

Table 1 indicates the perceived relative power of the actors and relative importance of the distinct channels of influence from 1985 to 1991. These data suggest that the Ministério da Fazenda continued to dominate agricultural policy decisions, while the influence of the other actors was more balanced than in the military period. The ministry's power rating fell slightly but remained considerably higher than any other group. Similarly, the rating of the Ministério da Agricultura rose, but the increase was not statistically significant.

The most important changes relate to the losses suffered by the Banco do Brasil and the Banco Central (although the latter is not statistically significant at the 5 percent level), and the gains recorded by the Congress and, to a lesser extent, agricultural producers (the latter is not statistically significant at the 5 percent level). The losses by the two banks stem from the declining importance of rural credit as a policy instrument in the 1980s. The rating of the Banco do Brasil fell from 7.66 to 6.06, although I found less agreement in the later period as to how much influence the bank actually wielded. On the one hand, financial reforms in 1986 closed the

1991), published by the Ministério da Agricultura e Reforma Agrária and the Companhia Nacional de Abastecimento.

Banco do Brasil's *conta de movimento*, a relatively uncontrolled account that it had with the Banco Central that provided considerable autonomy. On the other hand, the Banco do Brasil continued to be the principal lender to the agricultural sector, providing the bank with a privileged source of information and contacts. While its influence had declined, the Banco do Brasil was still one of the most important forces involved in shaping policy.

The biggest winner was the Comissão de Agricultura in the Congress, which more than doubled its rating and became an important actor in the policy-making process. Many interviewees observed that it was not just the Comissão de Agricultura that had gained influence but the Congress as a whole. The Congress recovered decision-making authority—including power over the government budget—with the return to civilian rule and the writing of a new constitution. The Congress began to play an active role in defining the institutions and policies toward the agricultural sector, as expressed through the agricultural laws of 1991. Moreover, congressional votes on key legislation implied that the executive branch would now be more receptive to congressional representatives and more willing to negotiate policies in exchange for votes and political support. This view was supported by Congressman Odacir Klein:

As congressional representatives, we have three forms of action: on the floor of the Congress, in the Comissão de Agricultura, and asking for hearings with the executive. Making appointments with the executive is not easy for organizations in civil society. For us congressional representatives, it is less difficult. I, for example, came to the Congress as president of a federation of cooperatives, FECOTRIGO. Many people might think that the president of a federation with 250,000 members has more power than a congressional representative. As president of FECOTRIGO, if I tried to make an appointment with a minister, there was no way that I would be received. As a congressional representative, it would take at most a week because I have a vote here in the Congress.³⁸

Thus congressional representatives became more influential when the Congress regained decision-making power. Their influence stemmed from their direct participation in shaping agricultural policy as well as from the fact that they wielded votes in Congress that the executive branch needed for a host of other issues. As a result, congressional representatives became an important channel of access for producers attempting to influence decision makers in the executive.

The lower portion of table 1 provides additional evidence of the increased importance and changing role of congressional representatives. Whereas in the military period, personal contacts with high-level officials in the executive branch was the way in which groups succeeded in influencing policy decisions, it was no longer the only means in the later period. According to the interviewees, the importance of high-level officials and personal contacts fell dramatically, from ratings around 7 to 5. Congress-

38. Interview conducted in Brasília, 15 Apr. 1992.

sional representatives and voting offset these losses, both rising by more than two points. All these changes were statistically significant at least at the 5 percent level.

Contrasting the information on relative power and channels of influence for the two periods covered in table 1, it is evident that the issue is two different models of policy making. The first was informal and based on connections and friendships with decision makers, while the second began to evolve toward a formal process with more clearly specified channels of access. In the later period, all three branches of government began to play active roles in shaping agricultural policy. The complementary perceptions of two rural leaders underscore the differences between the two models.

Gilman Viana Rodrigues, president of the Federação da Agricultura do Estado de Minas Gerais (FAEMG), explained:

In the earlier period, before the political opening, you used to have to go search for someone in the government who had the power to influence a decision, and it wasn't always the agriculture minister. Sometimes you would go to a senator or to the president of an organization that was bigger than ours, someone who was a friend of the person making the decision and a friend of ours. The process of applying pressure was very scattered and unorganized. . . . In the past, you had to have a godfather. It was a search for a godfather. And because there are no more godfathers, today you have to have a law. And with a law you have to have mechanisms to enforce it. . . . Which is to say that our most important demands today are aimed at enforcing the law.³⁹

Antônio Ernesto Salvo, president of the Confederação Nacional da Agricultura (CNA), commented:

It was much easier before. It was enough to go to the executive branch and get what we wanted. Now you have to go to the executive first, then to Congress, and finally to the judiciary, and it takes a lot longer. But whereas before the executive might respond favorably once and then unfavorably ten times, now we might not get what we want at first, but as we go to the judiciary and to the Congress, the executive starts to be careful and to avoid making mistakes because it knows there will be consequences. So I would say that it used to be easier but it wasn't consistent. Now it is more difficult, but when we achieve something, it becomes established, and if it is not respected, there will be consequences.⁴⁰

The transition from one distinct policy-making model to the other was taking place through negotiating Resolutions 435 and 155, writing a new constitution, molding agricultural laws, and then attempting to enforce them through the judiciary.

One of the ways in which access to decision makers became more formal was through the creation of the Conselho Nacional de Política Agrícola (CNPÁ). The CNPÁ was created by the first agricultural law in 1991 to institutionalize participation of the private sector in formulating agricultural policy. But the vetoes that this law suffered stripped the CNPÁ of decision-

39. Interview conducted in Belo Horizonte, 1 June 1992.

40. Interview conducted in Brasília, 23 Apr. 1992.

making authority. Its role became to “orient” and “propose” rather than to determine policy. Its members included two representatives from the CNA, two from the Organização das Cooperativas Brasileiras (OCB), two from the Confederação Nacional dos Trabalhadores da Agricultura (CONTAG), and two from the private sector to be named by the agriculture minister. The vetoes, however, guaranteed the government a majority of the votes on the council. CNA President Antônio Ernesto Salvo summarized the situation: “Now we have an adequate channel, but it doesn’t mean that anything has changed. We have a place to bring our demands, but we don’t have any guarantee that they will be met.”⁴¹

Prior to this agricultural law and especially after 1985, agricultural producers staged public demonstrations frequently to protest unfavorable policies. Table 1 indicates that the rating for this channel of influence rose by 1.5 points over the previous period (although not enough to be statistically significant at the 5 percent level). To a certain extent, the agricultural sector followed the example of marches and rallies that began with auto-workers in the late 1970s and culminated with the mass movement for direct elections in 1984. In the late 1980s, public demonstrations became an important means of pressuring the executive. Yet by the time the agricultural laws were passed in 1991, this channel had been exhausted. Gilman Viana Rodrigues observed: “The public got tired of collective events. You can still manage to organize a meeting, but people don’t listen. . . . People are not always willing to leave their television and go to a rally in a plaza. Once in a while, but not every time.”⁴² Mass mobilizations in the agricultural sector were thus limited largely to the transition period when issues like land reform catalyzed landowners or when, after two decades of military rule, collective actions were still relatively novel.

POLITICAL CHANGE IN THE AGRICULTURAL SECTOR

Structural Change and the Emergence of a New Type of Agricultural Lobby

Underlying the economic and political environment of the 1980s were dramatic structural changes experienced in Brazil since the 1960s. The essence of this transformation was the secular decline in the importance of the agricultural sector. In 1960, 53 percent of all Brazilians were living in rural areas, whereas by 1985, the rural share of the population had fallen to 27 percent.⁴³ Economic indicators tell the same story. By 1965 the agricultural sector’s share of GDP had already fallen to 16 percent. By 1985 the agricultural sector produced only 10 percent of GDP. Even though the economic importance of the agricultural sector was already relatively

41. Personal interview.

42. Personal interview.

43. The data in this paragraph come from the World Bank (1994, 1992).

small at the beginning of the period under study, it retained disproportionate strategic importance by providing the majority of exports and thus earning the foreign exchange that contributed to industrialization. In 1965 the agricultural sector's share of total exports stood at 81 percent. By 1985 it had dropped to 38 percent. The fall in the share of primary exports was even greater because processed agricultural exports represented only 3 percent of agricultural exports in 1965 and 23 percent in 1985. In terms of population and economic clout, the agricultural sector continued to lose the dominant position that it had held until the 1930s.

Migration and industrialization eventually relegated the agricultural sector to being a minority actor on the national political stage. The landed elite, which had once run Brazil and continued to be a privileged group through the period of subsidized credit, only slowly came to realize that it no longer controlled the economic resources or the votes of a dependent rural population that once had allowed the elite to set policy and later to influence it decisively. All the agricultural leaders interviewed agreed on the sector's decline in political power. CNA President Salvo expressed the essence of these views:

Until 1964 the majority of the population lived in the countryside. Political power was exercised by the men who owned land because they controlled an enormous number of agricultural workers who depended on that economy and voted with the landowner. When the landowners had 70 percent of the population working under their economic influence, they had an enormous amount of political power. Since then we have lost political power. The landowners no longer have the votes. . . . It took us some years, certainly ten and maybe more, to realize that we were now a minority of the votes and that we had to begin to act like a minority.⁴⁴

It is clear that urbanization and the decline of traditional rural social relations undermined the political power of landowners. But what it means "to act like a minority" requires further explanation.

The essential political challenge facing a minority is to organize. Flávio Teles de Menezes, president of the Sociedade Rural Brasileira (SRB) from 1984 to 1990, spelled out plainly that in order for the agricultural sector to act successfully as a minority, it needed to find new and more effective forms of organization. Speaking of former SRB President Renato Ticoulat Filho (1978–1984), he explained:

Renato expressed the idea that we couldn't tilt at windmills anymore. Which is to say that after thirty years Brazil had changed. It was no longer a rural country. . . . Brazil in 1960 or 1970 was already modern and urban, and people had lost their roots in agriculture. As a result, the agriculture that had to be defended was no longer the same as the agriculture of the 1930s. It was a new agriculture, a more professional agriculture as a minority activity. This agricultural sector had to discover a leadership and form of organization like those in Europe—one well-prepared technically and politically to defend the interests of a minority—and never dream

44. Personal interview.

about a return to dominance because this would be impossible. And so Renato challenged the old leadership and won in 1978 in the SRB. We beat the previous president, who belonged to the old families. . . .

My time in office was one of movement at the bases, of going around the countryside giving talks to agricultural producers to raise their consciousness of us now being a minority, that we had to act like a minority, that we couldn't act as in the past with the idea that we run things or that we would go back to running things some day.

To act as a minority implies taking advantage of all of the opportunities that a democracy allows so that your influence over decisions is greater than your participation objectively speaking. You are 10 percent of the country, but you have to be more than 10 percent of the Congress. It is possible to do this. The imperfections in representation in any democracy, in Brazil or in the United States or anywhere, frequently allow the groups that are more organized to have greater power than their real participation in the country, in the GNP, in the economically active population, etc. This is what we tried to do.⁴⁵

As this statement indicates, starting in the late 1970s, and especially with the return to democracy in the mid-1980s, a new consciousness emerged among rural leaders of the importance of organizing agricultural producers to participate more effectively in decision making on agricultural policy. This new awareness of the changed political and economic role of the agricultural sector coincided with the democratization and manifested itself through the actions of the Frente Ampla da Agropecuária Brasileira (FAA), the União Democrática Ruralista (UDR), and the surge of mobilizations in the 1980s.

The rural lobby of the 1980s no longer sought subsidies to benefit a small and privileged portion of the agricultural sector—the rural elite. The previous policy package had taxed the majority of agricultural producers through depressed prices and compensated large producers with credit subsidies. Without the compensation to large farmers that subsidized credit provided, these producers were no longer as complacent about artificially suppressed prices for their goods. The policy demands of the 1980s for more favorable prices and the adoption of rules to constrain government intervention represented a tremendous step toward creating more equitable policies that would benefit all agricultural producers regardless of farm size. Thus a new coalition was emerging in the agricultural sector that no longer operated primarily in the interests of the rural elite and began to include all market-oriented producers.⁴⁶

45. Personal interview. Grzybowski has suggested that landowners succeeded in securing disproportionate representation in the Congress, or what he described as “the over-representation of rural elites in the National Congress. Brazil’s ten most rural states (more than 50 percent rural) account for 20 percent of the national electorate, but elect 25 percent of the lower house and 42 percent of the upper house in the National Congress. In contrast, the three most urbanized states (more than 80 percent urban) account for 34 percent of the electorate but elect only 20 percent of the lower house and 13 percent of the upper house” (Grzybowski 1990, 23–24).

46. In a book on social movements in the countryside, Medeiros (1989) lends support to

A confluence of factors pushed agricultural producers to organize their sector in order to influence policy more successfully. To begin with, the agricultural sector had been suffering from a long-term economic and political decline that required a new political response. On the economic front, the crisis of the 1980s undermined the subsidies that had helped co-opt the rural elite. Elimination of credit subsidies provided the opportunity for a broader coalition of agricultural interests to emerge. In addition, democratization highlighted the necessity of organization. Here the agricultural sector faced its biggest challenge. Gilman Viana Rodrigues, president of the FAEMG, pinpointed the fact that less-organized sectors are frequently marginalized from decision making:

The market and the political opening are going to be preserved. Along the way, the social groups, the segments of society that don't organize themselves are going to end up on the margins of decision making. If you have ten people discussing an issue and one of them never says anything, he will end up having to do what the other nine decide. And the rural sector with its top-down unionism was not well organized because there was always someone who had connections with the government who would carry messages and bring back answers. Today, nobody brings back answers anymore. The sector that wants to see results has to be able to apply pressure. No sector can apply pressure without getting organized. It must organize with competence and legitimacy. . . . We are very unprepared in the organization of our sector.⁴⁷

The agricultural sector had to overcome the difficulties of organizing a geographically dispersed constituency. But it also had to confront the representational legacy created by the co-opted and discredited *Confederação Nacional da Agricultura*.

Questioning the Corporatist Model

Maria Hermínia Tavares de Almeida has argued that the "crisis of state corporatism" manifested itself in three distinct ways during the period of transition to democracy (1988). First, decentralized and direct collective bargaining increased, and without interference by government agencies. Second, the universe of forms of representation became more "broad, diversified, and complex than the territory occupied by the legal union structure of corporatist inspiration" (Almeida 1988, 353–54). Finally, an emerging segment of the union movement came to support the goals of liberty and autonomy, and its leaders were identified less with the corporatist system. These developments raised questions about three of the pillars of the corporatist system: conflict resolution through the labor courts,

this view: "The struggles for better prices exhibited another peculiarity. By placing the state at the center of the demands, due to its role in the definition of agricultural policy, the struggles in many cases assumed an inter-class character, uniting small producers and large businesses for the same immediate demands" (Medeiros 1989, 138–39).

47. Personal interview.

unicidade sindical (the principle that only one union is permitted to represent an occupational category in a given municipality), and dependence on the state for recognition and funding.

In spite of the challenges to the corporatist system, the Constitution of 1988 did not eliminate the basic forms of union dependency on the state. Article 8, Paragraph 1 of the constitution maintained an altered form of required recognition of unions—obligatory registration. It established that authorization from the state is not necessary to create a union, but unions must register with the appropriate authority. The same paragraph prohibits government “interference and intervention” in union activities. Paragraph 2 preserves unicidade, while paragraph 4 upholds required union dues (Brazil 1988). The persistence of these forms of dependence has led one analyst of the union system, Armando Boito Jr., to conclude:

Today, the government does not punitively intervene. . . . Strikes are no longer prohibited, and the formation of labor federations that unify unions horizontally is no longer banned . . . ; the *pelegos*, or government-sponsored trade unionists, who practically monopolized leadership posts in official Brazilian unions under the military regime, have been dislodged from hundreds of unions. . . . I maintain, however, that these modifications altered but did not eliminate the union structure. The essential characteristics of dependency of the labor hierarchy on the state remains. (Boito 1994, 9–10)

Whether the “essential characteristics of dependency” of the Brazilian corporatist heritage will survive, as Boito argues, or will be overcome is still an open question. But the proliferation of associations and unions outside the formal union structure implies that a significant degree of pluralism already exists in practice.

Evidence from the agricultural sector supports the view that the formal union system has become just one of a larger set of actors competing to represent a given category of society. José Graziano da Silva for example, describes the diversity of representational forms for landowners as follows:

The representation of rural landowners is accomplished legally through the rural federations in the states and the Confederação Nacional da Agricultura at the national level. But in addition to this formal structure, the real representation of coffee plantation owners, sugar millers, cattle ranchers, and other groups is also achieved through civil associations of producers. This is the case, for example, with the Sociedade Nacional da Agricultura founded at the end of the last century; of the Sociedade Rural Brasileira founded in the 1920s; of the Associação dos Empresários da Amazônia (AEA) of the 1970s, in addition to numerous associations according to product, such as sugarcane producers, orange growers, cattle producers, even those who raise rabbits or horses; and through the cooperatives united around the Organização das Cooperativas Brasileiras (OCB). (Graziano da Silva 1991, 2)

Thus although the cornerstones of corporatist legislation persist, the sphere of influence of the corporatist unions has diminished as alternative forms of representation have emerged. Perhaps this trend is truer of the

agricultural sector than of the rest of Brazilian society because many relevant issues like land reform and agricultural policy fall outside the realm of labor relations and labor courts.

The UDR, the Agricultural Front, and Steps toward Pluralism in the New Republic

In the early 1980s, as the transition to civilian rule progressed, a movement of landless peasants and rural workers favoring land reform spread, and the number of land invasions grew. In 1985, the first year of the Nova República, the executive branch moved forward on the promise it had made to implement a land-reform program. The Ministério da Reforma e Desenvolvimento Agrário, together with the Instituto Nacional de Colonização e Reforma Agrária, unveiled the government's land-reform proposal at the fourth Congresso Nacional dos Trabalhadores Rurais in Brasília in May of 1985 (Medeiros 1989). That same month, landowners in the Center-West of Brazil, shocked that the government would make its proposal public at a rural worker's congress, began to meet and plan their strategy of opposition to the land-reform proposal. The founders of the União Democrática Ruralista (UDR) held their first meeting the following month. According to Maria das Graças Rua, a major concern was "the impotence of the institutions of representation in the agricultural sector in opposing the Plano Nacional de Reforma Agrária" (Rua 1990, 286). In August they held their first public event: the auction of 1,600 cattle to finance anti-land-reform candidates in the 1986 elections. Although the UDR initially drew its support from large cattle owners who had been marginalized by agricultural modernization, its membership base expanded quickly. The vacuum of representation for landowners, caused by the lack of authenticity of CNA leaders as well as their identification with the military regime, created the political space for a new organization to emerge.

The rapid growth of the UDR threatened the other civil associations, cooperatives, and the discredited union system that had traditionally represented landowners in the agricultural sector. Even though the UDR was essentially organized around the single issue of opposing land reform, its rapid ascension endowed it with a degree of credibility to speak for agriculture as a whole. The CNA lacked such credibility. The SRB, probably the most politically active civil association until the UDR, had been around since the beginning of the century but had only 12,000 members, while the UDR claimed 50,000 members by the end of 1986 and 230,000 by November 1987.⁴⁸ Even though many of these members also belonged to other organizations, the mushrooming of the UDR was an unprecedented feat.

The threat posed by the UDR was not merely a matter of numbers.

48. The approximate membership of the SRB was provided by President Pedro de Camargo Neto in an interview in Brasília on 6 May 1992. The numbers for the UDR come from "Reação conservadora," *Veja*, 11 Nov. 1987, p. 30.

The UDR operated in a qualitatively different fashion than the existing organizations. According to Rua, two key features differentiated the UDR from the other groups. First, it emphasized the participation of its members. The UDR organized numerous activities in public spaces, such as cattle auctions to raise money, marches, rallies, and other direct means through which local constituencies pressured their congressional representatives and attempted to influence public opinion. Second, the UDR rejected the closed and informal decision-making process that had characterized the military period. Rua concluded that the UDR sought

to articulate and mobilize the public participation of a broad segment of the population that found itself without channels of representation, unsatisfied, and having a crisis of confidence in the leaders of the existing institutions of interest representation. In this way, it [the UDR] on the one hand broke with the corporatist pattern and on the other rejected by adopting a strategy of public action the clientelistic, private, and exclusive format of intermediation typically associated with traditional agrarian elites. (Rua 1990, 306)

The UDR thus questioned the traditional forms of representation and decision making. Yet its myopic focus on land reform without including issues of agricultural policy in any significant way and its radical right-wing image proved limiting in the long run. The existing organizations felt threatened nonetheless and wasted little time in organizing a response.

The Frente Ampla da Agropecuária Brasileira (FAA) was created on 17 June 1986 by some fifty organizations representing diverse segments of the agricultural sector. The participants included the most important organizations in the agricultural sector except for the UDR and CONTAG.⁴⁹ The FAA included the OCB, the SRB, and about half of the state-level agricultural federations; many of the state-level cooperatives, including some of the most influential ones like FECOTRIGO; product-specific associations representing sugarcane, milk, and cattle producers; and organizations representing processing and input industries, such as vegetable oils, fertilizers, machines, and seeds. OCB President Roberto Rodrigues and SRB President Flávio Teles de Menezes emerged as the most prominent leaders of the FAA.

The immediate goal of the FAA was to develop a proposal for agricultural policy for the 1986–1987 harvest, which would then be discussed at a large gathering of Brazilian agricultural producers and leaders the following month. Far deeper motivations propelled unification of the organizations in the agricultural sector, however. The CNA was still being run by the co-opted leaders from the military period; the UDR was growing rapidly; and a new constitution would soon be written involving issues far broader than land reform. The speech that Roberto Rodrigues gave on the day the

49. I would like to thank Mauro Lopes for providing me with a list of organizations that participated in the FAA. Graziano da Silva (1991) reported that CONTAG was at least invited to participate and chose not to, whereas the UDR was intentionally excluded.

FAA was created focused on the need to move toward predictable policies and away from the discrimination that historically had resulted from the import-substitution industrialization model. The key to achieving this transition, he argued, was forging greater unity in the agricultural sector.⁵⁰

Creation of the FAA was favorably received by President José Sarney, and its leaders began to work with the government on elaborating the following year's agricultural policy package. According to one newspaper article, Sarney's support of the FAA stemmed from his perception of the FAA as a means to "inhibit the radicalisms that currently threaten to turn the countryside into a field of war, due to the actions of the UDR and of those invading land. . . ." ⁵¹ President Sarney and the FAA initially attempted to exclude the UDR from the policy-making process, but by February 1987, the UDR had succeeded in overcoming its ostracism.

The FAA achieved several advances in 1987 that fostered unity in the agricultural sector. The first was creation of the Frente Parlamentar da Agricultura (FPA), which was organized "to support the movement of the FAA."⁵² The FPA included more than forty congressional representatives and senators who were committed to drafting an agricultural law, strengthening the Ministério da Agricultura, pressuring the Ministério da Fazenda, and supporting the actions and demands of the FAA. A key organizer of the FPA was Congressman Alysso Paulinelli, former agriculture minister under President Ernesto Geisel in the 1970s and a candidate to replace Flávio Britto as president of the CNA. Paulinelli had challenged Britto in the election for CNA president in 1985 and would have won if the election had been honest. He took the matter to court and eventually succeeded in annulling the election results. New elections finally took place at the end of 1987, and Paulinelli secured a near unanimous victory. His most pressing concern on assuming the leadership of the CNA was to rebuild the organization's legitimacy: "I have two immediate problems to solve: the financial recuperation of the CNA and the recovery of its image. The entity needs to regain its respectability."⁵³ The CNA thus became an active participant in the FAA, and from that time on, the OCB, the SRB, and the CNA provided the core leadership of the FAA. By 1988 the problems created by the lack of authenticity of the CNA leadership and lack of unity in the agricultural sector had begun to be resolved.

While the UDR had a much more populist and participatory style, due in part to the intense emotions aroused among landowners by the threat of land reform, the other organizations in the FAA were also evolving toward a more open and democratic style of politics. They organized

50. The text of the speech, given on 17 June 1986, was provided by Roberto Rodrigues.

51. *Folha de São Paulo*, 3 July 1986, p. 29, cited in Graziano da Silva (1991, 16).

52. "Manifesto da Frente Parlamentar da Agricultura," mimeo, 3 Feb. 1987, provided by Roberto Rodrigues.

53. *Gazeta Mercantil*, 11 Nov. 1987, p. 17, cited in Graziano da Silva (1991, 29).

several large demonstrations involving tens of thousands of producers and favored strengthening the Brazilian Congress and creating permanent public forums of debate and decision making, such as the Conselho Nacional da Política Agrícola (CNPAs). Although the organizations in the FAA were more technical and less populist than the UDR, they nonetheless had shed the practices of the previous generation in which influence depended almost exclusively on friendship and personal connections, and decisions were made behind closed doors.

The FAA leaders were instrumental in organizing several key compromises in the *Assembléia Nacional Constituinte* (charged with drafting a new constitution) that eventually undermined the possibility of a widespread land reform.⁵⁴ Even though Rua's study indicates that there were "traditional" and "modern" tendencies operating within the UDR, the dominant position within the UDR can be characterized as opposing any and all land reform. The organizations in the FAA took a more pragmatic approach. They realized that, as had happened with the *Estatuto da Terra* of 1964, any significant land reform could be effectively blocked by reducing it to one element of a larger agricultural modernization policy, limiting it to "unproductive land," and imposing financially beneficial terms of compensation for landowners. Such was the spirit of articles 184 through 191 in the section entitled "*Da política agrícola e fundiária e da reforma agrária,*" which was eventually included in the Constitution of 1988. Article 185 specifically exempted small, medium, and productive properties from expropriation. The members of the FAA felt assured that a sweeping land reform had once again been defeated. The continued growth of the *Movimento dos Sem Terra* and the increase in the number of land invasions since 1988 reflects in part the lack of progress made on this issue in the Constitution of 1988.

Once the land reform issue was settled in the constitution, the FAA returned to its primary concern of transforming agricultural policy to adapt to the new economic and political reality of the 1980s. The FAA was a driving force behind many of the reforms in agricultural policy that were discussed previously. For example, the agricultural policy proposal that the FAA elaborated in July 1986 included demands that government stocks of agricultural goods be sold according to transparent and predetermined rules and that foreign trade in agricultural products be freed from government restrictions.⁵⁵ This spirit prevailed in the reforms introduced through Resolutions 435 of 1987 and 155 of 1988. The FAA lobbied successfully for an article in the constitution mandating that an agricultural law addressing the issues of goals, priorities, instruments, and planning be passed

54. The debate over land reform in the *Assembléia Nacional Constituinte* is discussed in Martínez-Lara (1996) as well as in Silva (1989).

55. Details of the proposal are discussed in Graziano da Silva (1991, 17).

within a year. The same month that the new constitution was signed, the FAA released a draft of its version of the agricultural law for debate by its members throughout the agricultural sector. Their intention was that this document would provide the foundation for the future law. Here they first proposed to codify in law the demands for “severe disciplining of the interference of the state in marketing” and for the sale of agricultural stocks “to be conducted according to rules.” Regarding traded agricultural goods with well-developed commodity and futures markets, the FAA demanded that the government should not interfere in the “free internal and external marketing of these products, nor will it impose export taxes.”⁵⁶ Thus while the economic conditions of the 1980s necessitated reform of agricultural policy, the direction of the reforms resulted from the active participation of organizations in the agricultural sector. The process of reform contrasted starkly with policy making in the military period.

The resolution of the land-reform issue in the constitution also signaled the beginning of the UDR’s demise. This organization, which had begun in reaction to the threat of land reform, was unable to transform itself into an enduring organization that could mobilize agricultural producers to influence agricultural policy. The stumbling blocks were the UDR’s extreme conservatism and myopia and the personal ambitions of its leaders. SRB President Pedro de Camargo Neto underscored nonetheless the significance of the example set by the UDR:

The UDR was a very important association. It managed to mobilize and amass resources in a big way. Unfortunately, it has fallen apart. [Ronaldo] Caiado ended up letting his own personal political ambitions prevail. My view is that the UDR created a structure, a complex system of roots in the agricultural sector that is very difficult to create. I have a lot of trouble doing this. And what they should have done was to redirect all of that. Of course, it would have been smaller, but it still would have been important and valid for issues of agricultural policy. If they could have taken that structure and said, “Land reform is over, let’s unite and make agricultural policy,” they could have succeeded. . . . But the UDR, even the people at the top, didn’t understand. It was just a problem of land reform for them. They didn’t know much about agricultural policy.⁵⁷

The UDR eventually faded. After mounting an unsuccessful presidential campaign in 1989, Ronaldo Caiado was later elected to Congress.

In the early 1990s, after the agricultural laws were passed, the FAA continued to coordinate the sector’s agricultural policy demands, operating primarily through the CNPA, an active and formal channel to the executive.⁵⁸ In addition, a powerful rural bloc was created in Congress, the

56. See “Frente Ampla propõe programa especial para alimentos básicos,” *Gazeta Mercantil*, 12 Oct. 1988, p. 2.

57. Interview in Brasília, 6 May 1992.

58. See, for example, “Falta de recursos ameaça safra de verão: Agricultores têm sugestões,” *Correio Brasiliense*, 19 July 1992, p. 12.

Bancada Ruralista (BR). It succeeded the FPA and provided the sector with legislative support.⁵⁹

On the issue of CNA legitimacy and plurality of representation in the future, the final chapters of this story have yet to be written. In 1992 about half a dozen of the state-level federations that belong to the union system replaced the government in collecting their dues. According to the federation president in Minas Gerais, Gilman Viana Rodrigues, the goal was “to create more legitimacy for opposing the government when the government goes against us and the rules of agricultural policy.” He concluded that after all, “it is the farmer who should want the union, not the government.”⁶⁰

With regard to plurality, the union system continued to benefit from the principle of unicidade sindical. But the reality is that at the national level, the FAA still exists. The CNA recognized de facto that it was not the sole representative of the agricultural sector and attempted a novel experiment to bring the other organizations into its structure as equal partners. The goal was to create technical commissions organized around products and issues. Each one had three members: one from the unions, one from the cooperatives, and one from the civil associations.⁶¹ The commission members were to study and then vote on relevant issues. The majority would write the resolution that would then be supported by the CNA. The CNA's position was that for the agricultural sector to be powerful, it had to speak with a single voice. Other organizations such as the SRB agreed with the need for unity—but not at the price of losing their right to defend minority positions.⁶² It is therefore possible that the looser and more informal structure provided by the FAA might be the very reason that it continued to exist.

CONCLUSIONS: POLICIES, INTEREST GROUPS, INSTITUTIONS, AND REGIMES

This article has examined agricultural policy in Brazil from 1964 to 1992. Agricultural policy was shown to have resulted from the interaction of the state and interest groups in a period marked by dramatic changes in the economic situation, the decision-making environment, and the institutions of interest-group representation. While all three of these factors significantly affected policy outcomes, it is tempting to conclude that the economic crisis was the principal factor that explains the change in the

59. A brief history of the Bancada Ruralista can be found in “Pacote agrícola pode garantir ao presidente apoio da bancada ruralista,” *Gazeta Mercantil*, 5 Oct. 1991.

60. Personal interview.

61. The information on the technical commissions comes from my interview on 27 Apr. 1992, with Pio Guerra, president of the Federação da Agricultura de Pernambuco.

62. This was the opinion expressed by Pedro de Camargo Neto, president of the SRB, interviewed on 6 May 1992.

direction of agricultural policy. Such a conclusion, however, would oversimplify the events and the process that led to the redefining of policy.

The economic crisis of the 1980s altered the set of policies that was economically feasible in the short run and sustainable in the long run. Specifically, the crisis imposed the need to reduce credit subsidies, to scrutinize further the public budget, and to liberalize international trade. Yet given the economic reality, the choices that were made were influenced by the new decision-making environment and the reformed institutions of representation. For example, the adoption of rules to govern the sale of public stocks of commodities reflected a more organized agricultural sector and a new decision-making environment. Another example can be found in the countervailing duty on subsidized imports. While the economic situation created pressure for trade liberalization, the greater degree of organization of agricultural interests combined with the increased importance of the Congress and the judiciary created a policy instrument to protect domestic production from subsidized competition, one that can be activated without the approval of the executive branch. Thus at every step along the way, even though the economic situation forced hard decisions, political and institutional factors shaped the paths that were chosen.

The distinction between the process of democratization and a democratic regime has been shown to be crucial for understanding this period. The return to a democratic regime created a qualitatively different decision-making environment. In the military period, decision making had been closed, personalistic, and centralized at the top of the executive. Since the mid-1980s, the Congress and the judiciary have started to play much more active roles. Producers also began to influence policy through new formal channels of access such as the Conselho Nacional de Política Agrícola. Institutionalization of the decision-making process provides the promise that as policy making becomes more subject to rules, policy outcomes will be more stable and predictable.

The process of democratization, in contrast, led to questioning of the existing institutions of interest representation throughout Brazil. The earlier forms of representation had been corporatist and clientelistic. With democratization, they have become more independent and participatory. But these changes are not fundamentally a question of regime. The corporatist institutions existed before the twenty-year military period, and they have survived the writing of a new constitution, albeit in altered form. The undermining of these institutions relates more to the extremes that the military embraced in using them as mechanisms of control than to the fact that these organizations were inherently part of an authoritarian system. Thus while representational institutions have been shown to be an important determinant of who influences policy and through what mechanisms, it is incorrect to equate them with a particular type of regime.

The long-term relative decline in the importance of the agricultural

sector, together with the economic crisis and the process of democratization, provided the conditions for a broader coalition of interests to emerge. Prior to the mid-1980s, policy had discriminated against all farmers through depressed prices and had benefited a restricted coalition of large farmers through credit subsidies. Since the mid-1980s, policy has become more neutral across commodities and farm sizes and has benefited all commercial farmers through more favorable prices. Thus while inequitable distribution of land in Brazil remains as an unresolved issue, the agricultural sector was nevertheless ceasing to be taxed as severely as it once was. This policy shift is due partly to the greater degree of unity that the organizations representing commercial producers achieved once they responded to the new reality in which their sector had become a minority actor on the national political stage.

In conclusion, in the case of agricultural policy in Brazil, focusing on the degree to which regime type conditions the success of interest groups diverts attention from other possibly more important determinants of policy outcomes. In particular, the interests that were being represented by the commercial agricultural lobby in the late 1980s differed considerably from those of the late 1960s. Because the interests had changed, the demands were transformed as well. They were also altered in response to the fact that what was economically feasible in the late 1980s was dramatically different from what was possible in the earlier period. Thus agricultural interest groups participated more fully in the second period, yet this participation did not lead to an increase in rent seeking, nor was it caused solely by a change in regime.

APPENDIX Glossary of Acronyms

BR	Bancada Ruralista
CLT	Consolidação das Leis do Trabalho
CMN	Conselho Monetário Nacional
CNA	Confederação Nacional da Agricultura
CNPA	Conselho Nacional de Política Agrícola
CONCEX	Conselho Nacional de Comércio Exterior
CONTAG	Confederação Nacional dos Trabalhadores da Agricultura
FAA	Frente Ampla da Agropecuária Brasileira
FAEMG	Federação da Agricultura do Estado de Minas Gerais
FECOTRIGO	Federação de Cooperativas de Trigo e Soja do Rio Grande do Sul
FPA	Frente Parlamentar da Agricultura
IBRA	Instituto Brasileiro de Reforma Agrária
INCRA	Instituto Nacional de Colonização e Reforma Agrária
MST	Movimento dos Sem Terra
OCB	Organização das Cooperativas Brasileiras
SNA	Sociedade Nacional da Agricultura
SRB	Sociedade Rural Brasileira
UDR	União Democrática Ruralista
VBC	Valor Básico de Custeio

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